

APPLICATION FOR DISCRETIONARY RATE RELIEF – ORDINARY MAGIC (OM), PROPOSED ADDRESS 86 HIGH STREET, SOLIHULL, B91 3TA

1 Background

- 1.1 OM are a not for profit Community Interest Company (not a registered charity) and are applying for up to 100% discretionary rate relief.
- 1.2 OM stated on their application they provide health and wellbeing support and early intervention services working with children and families of those with special educational or psychological needs. Ordinary Magic's mission is to give the community access to resources to enable children, young people and families to build their resilience and improve their emotional and mental wellbeing. OM currently support 2,400 children and families in community settings and work with 12 local schools.
- 1.3 OM's aim is to reach children who are "unreachable" and ensure they offer early intervention services in safe places, supporting each young person who accesses their service to help them on the road to a resilient and socially productive future.
- 1.4 OM's team consists of 2 psychotherapists, a social worker, counsellor, psychosocial professional, primary school teacher, sports coach, relaxation coach, children's yoga teacher and 2 therapeutic play workers. They also have clinical support and consultancy of a registered doctor.
- 1.5 OM is looking to open a child and family friendly coffee shop in Solihull town centre called The Magic Bean. The Magic Bean will connect OM with families and enable it to reach a greater proportion of the community that need its services. They have a team of locals who will be employed to support with the running of the coffee shop when premises are agreed.
- 1.6 OM's plan is to run groups in a purpose built activity room, therapy room and family support room that will be in the coffee shop as well as continuing to offer their existing service in the community and in schools.
- 1.7 OM's business plan is that Magic Bean will be a vibrant, fun, family friendly independent coffee shop with a difference. It will provide families with a safe, friendly and creative environment where they can meet, relax, enjoy activities and make social connections in addition to accessing vital health and wellbeing services.
- 1.8 In addition the Magic Bean will provide work placements for young people aged between 16 and 24. This will be financed through the Government's Kick Start initiative to support young people into employment.
- 1.9 The landlord has offered OM premises at 86 High Street Solihull at a significantly reduced rent (£68,000 reduced to £35,000 per year) with a lease for 5 years (with a half way break clause) on the basis OM pay the business rates. OM cannot commit to taking on the premises if they have to pay the full rates and requested their application be considered before making this decision.

2. Financial Implications

2.1 Details of the Business Rates and Relief applied for are set out as below based on the rateable value of the current ratepayer for this financial year:

	2020/21
100% Discretionary Relief applied for	£ 31,232.00
Cost of 100% Discretionary Relief to the Council (99%)	£ 30,919.68
50% Discretionary Relief Recommended	£15,616.00
<u>Cost to the Council of Recommendation</u>	£15,459.84

2.2 Our current policy requires 2 years of financial accounts. As these are not available for OM we are unable to assess their affordability over this period. A business case has been provided and includes a financial projection based on the assumptions made in the company's report. Without a form of benchmark comparator we are unable to comment on the accuracy or how realistic the assumptions are.

2.3 The Council has a budget of £62,410 to fund discretionary rate relief. The cost of relief in 2020/21 to date has amounted to £23,563.91 (leaving £38,846.09 available to allocate this financial year).

2.4 The applicant recognises we have a limited budget for all our applications and requested consideration of any financial support so they can determine if the premises offered are viable or if they will have to look for alternative options.

2.5 Although the affordability could not be determined there is funding remaining in the budget to support this small local company on this basis our recommendation is to award 50%.

Discretionary Rate Relief**Ordinary Magic**

	Section A - Affordability	Yes or No
1	<p>The financial assessment considers:</p> <ul style="list-style-type: none"> • level of surplus of deficit in recent years • level of reserves held in view of the organisation's reserves policy • proportionality of the relief applied for in relation to the size of the organisation's operating costs • relationships with parent organisations where relevant • affordability to the Council <p>Yes - complete Sections B and C No - the rate of relief is nil</p>	Unable to determine

	Section B – Clients Supported (based on current business model)	Potential Score	Actual Score
1	Over 90% of the organisation's clients are Solihull residents	3	3
2	Between 50% and 89% of the organisation's clients are Solihull residents	2	
3	Less than 50% of the organisation's clients are Solihull residents	1	

	Section C – Other Factors	Potential Score	Actual Score
1	The ratepayer has evidenced that they meet one or more of the Council's priorities	1	1
2	The service has been recognised as important to the Council through a contract or SLA with the Council.	1	
	Total Score	B+C	n/a due to section 1

Award of Discretionary Rate Relief

	Discount for Charities – up to 20%	Discount for Not for profit organisations – up to 100%
Score of 4 or more	20%	100%
Score of 3	15%	75%
Score of 2	10%	50%
Score of 0 or 1	No relief	No relief