



Title of Report:	Actual Penny Product Forecast analysis
Committee Report Submitted To:	Finance Committee
Date of Meeting:	14 September 2023
For Decision or For Information	For information
To be discussed In Committee YES/NO	No

Linkage to Council Strategy (2021-25)	
Strategic Theme	Cohesive Leadership
Outcome	Council has agreed policies and procedures and decision making is consistent with them.
Lead Officer	Chief Finance Officer

Budgetary Considerations	
Cost of Proposal	
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	
Staffing Costs	

Legal Considerations	
Input of Legal Services Required	YES/NO
Legal Opinion Obtained	YES/NO

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

1.0 Background

Land and Property Services (LPS) who issue bills and collect rates on behalf of Councils issue in year forecasts on the Actual Penny Product (APP) and projected outturns with regards the amount of rates actually collected.

2.0 Detail

LPS has issued to Councils the first formal in year forecast for the APP based on figures at 30 June 2023 and has followed this with the monthly interim forecast for July. The forecast for Causeway Coast and Glens Borough Council indicates that we are on course to receive a positive finalisation in terms of rates income amounting to approximately £421k, the July forecast does demonstrate a slight reduction in this figure to £412k.

2.1 Monthly Analysis

Month	April	May	June	July
Forecast	£280	£340	£421	£412

All figures £'000

3.0 APP analysis

The table below sets out the analysis of the APP forecast for the current financial year. This table demonstrates that the positive position is mainly generated by domestic properties which is consistent with the makeup of our rates income with approximately 63% of rates revenue being raised on domestic properties. The steady growth experienced in this sector in recent years does appear to be continuing for the time being which is encouraging.

APP Analysis 2023/24									
Causeway Coast & Glens									
	In Year	In Year	In Year	In Year		In Year	In Year	In Year	In Year
	23/24	23/24	23/24	23/24		23/24	23/24	23/24	23/24
Domestic	July	June	May	April	Non Domestic	July	June	May	April
Gross Rate Income	76,853,390	76,733,889	76,598,645	76,548,133	Gross Rate Income	45,104,070	45,090,492	45,081,363	45,046,541
Losses					Losses				
Allowances	(997,013)	(997,013)	(997,013)	(997,013)	Allowances	(6,011)	(6,011)	(6,011)	(6,011)
Vacancies	0	0	0	0	Vacancies	(252,772)	(251,704)	(258,087)	(257,570)
REH's Discharge	(182,372)	(181,975)	(181,975)	(181,975)	Irrecoverables	(442,553)	(442,553)	(442,553)	(442,553)
Irrecoverables	(222,861)	(222,861)	(222,861)	(222,861)	3mth Vacant Rating	(90,193)	(90,193)	(90,193)	(90,193)
CAP	(275,578)	(274,880)	(274,880)	(279,084)	NDVR 50%	(1,114,435)	(1,047,725)	(1,006,590)	(1,002,891)
Cost of Collection	(855,016)	(854,778)	(855,104)	(854,554)	NDVR Exclusion	(680,485)	(602,337)	(660,109)	(697,660)
					Cost of Collection	(559,939)	(560,386)	(560,014)	(560,669)
Total Losses	(2,532,839)	(2,531,507)	(2,531,833)	(2,535,488)		(3,146,388)	(3,000,910)	(3,023,557)	(3,057,549)
Income less Losses	74,320,551	74,202,381	74,066,813	74,012,645		41,957,683	42,089,582	42,057,806	41,988,992
% Collectable	96.70%	96.70%	96.69%	96.69%		93.27%	93.27%	93.27%	93.27%
District Rate	0.4457	0.4457	0.4457	0.4457		28	27.6325	27.6325	27.6325
Regional Rate	0.4848	0.4848	0.4848	0.4848		28	27.9000	27.9000	27.9000
Total Rate	0.9305	0.9305	0.9305	0.9305		55.5325	55.5325	55.5325	55.5325
District Due Domestic	35,598,785	35,542,183	35,477,247	35,451,302		20,877,786	20,943,418	20,927,607	20,893,366
District Due Non Domestic	20,877,786	20,943,418	20,927,607	20,893,366					
Total District Due	56,476,572	56,485,602	56,404,854	56,344,667					
To be paid	(56,064,758)	(56,064,758)	(56,064,758)	(56,064,758)					
Finalisation	411,814	420,844	340,096	279,909					
Domestic	119,502	135,243	50,512	5,149,155					
Non Domestic	13,578	9,129	34,822	3,501,566					

4.0 Revaluations

Whilst the figures remain positive Council must be mindful of the potential effect which challenge cases against previous revaluations may have, Non-domestic properties were revalued for 2023 and with Causeway Coast and Glens being one of only 4 Council areas with an increase in the overall Net Annual Value (NAV) of it's non-domestic property we may be exposed to a higher risk of appeals against those revaluations which, if successful, may lead to a reduction in the overall NAV figure and therefore subsequently rates income.

5.0 Assumptions

The paragraphs below set out the assumptions being used by LPS in the production of these figures:

- Gross Rate Income (GRI) calculated to 30th June 2023 from the rating system without any further adjustments.
- Rates foregone from vacant property in the non-domestic sector for the initial 3-month exemption period have been calculated based on the monetary value of losses used in the EPP, at 31st March 2023 or 30th June 2023, whichever is the higher. In the case of Causeway Coast and Glens Borough Council the forecast has calculated these based on the losses used in the EPP. Losses in the "50%" and "Exempt" categories were also calculated on the monetary value of losses used in the EPP, at 31st March 2023 or 30th June 2023, whichever is the higher. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th June 2023 by £1.3K inclusive of district and regional rates. Accordingly, unless losses in those categories increase by that amount between now and year end then there is the potential for improvement in the forecast. We will look at this in more detail in the second quarter.
- Rates foregone (exclusions including developer exclusions) from REH have been calculated based on the monetary value of losses used in the EPP, at 31st March 2023 or 30th June 2023, whichever is the higher.
- Discount by way of landlord allowances has been calculated based on the monetary value of losses used in the EPP, the position at 31st March 2023 or the position at 30th June 2023, whichever is the higher loss.
- Write-offs based on losses of £17.2 million (split across the 11 Councils) based on the higher of the losses used in the EPP, the position at 31st March 2023 or the position at 30th June 2023, whichever is the higher loss. From recent meetings you will be aware that LPS is ramping up legal recovery action for this year to help reduce the overall debt position, however it may take some time to reach pre-Covid levels. I can advise that the actual write-off as at the end of June is £86K, against a total of £665K included in the forecast. LPS will keep the situation under scrutiny and will be alerting you to how this changes throughout the year.

- Cost of Collection estimated at £19.6 million for the rating year apportioned across the 11 Councils on the basis of statutory formula. Rateable Values used were the average of those in the Valuation Lists at 31st December 2022 and 30th June 2023.
- The CAP based on losses in the system at 30th June 2023.