



Title of Report:	Actual Penny Product Forecast analysis
Committee Report Submitted To:	Finance Committee
Date of Meeting:	14 November 2024
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 Purpose of Report

The purpose of this report is to inform members of the latest Actual Penny Product (APP) forecast supplied by Land and Property Services (LPS).

2.0 Background

LPS has issued to Councils the second formal quarterly forecast as at 30 September 2024. The forecast for Causeway Coast and Glens Borough Council has been based on in year assumptions for both formal and interim forecasts as detailed below:

2.1 Monthly Analysis

Month	Jun	Jul	Aug	Sep
Forecast	£558	£625	£647	£718

All figures £'000

2.2 Additional analysis

The figures indicate a significant projected finalisation in terms of rates income for Council however it is still too early to place much certainty on these figures as there are many factors that could lead to reductions in them as the year progresses. It is however an excellent position to be in at this point in the year and does give optimism that there is some growth in the rates base and gives Council somewhat of a buffer should negative market forces arise.

2.3 Assumptions

The assumptions used to calculate the quarterly forecasts are set out below:

- Gross Rate Income (GRI) calculated to 30th September 2024 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 2024 or 30th September 2024, 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%" category were also calculated on the monetary value of losses used in the EPP, at 31st March 2024 or 30th September 2024, whichever is the higher. Losses in the "Exempt" category were based on the 30th September 2024 from the rating system without further adjustments. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th September 2024 by £210K 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.

- Rates foregone (exclusions including developer exclusions) from REH have been calculated based on the monetary value of losses at 30th September 2024.
- 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 2024 or the position at 30th September 2024, whichever is the higher loss.
- Write-offs based on losses of £16.1 million (split across the 11 Councils) based on the higher of the losses used in the EPP. From recent meetings you will be aware that LPS is ramping up legal recovery action through-out the remainder of this year and beyond 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 September is £153K, against a total of £539K included in the forecast. On that basis I expect it is unlikely to reach that level, however I will issue monthly write-off updates going forward.
- Cost of Collection estimated at £22 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 March 2024 and 30th September 2024.
- The CAP based on losses in the system at 30th September 2024.

3.0 APP analysis

The tables below set out the analysis of the APP forecast for the current financial year in terms of both domestic and non-domestic properties.

	In Year 24/25	In Year 24/25	In Year 24/25	In Year 24/25	In Year 23/24
Domestic	September	August	July	June	January
Gross Rate Income	81,886,347	81,846,671	81,810,526	81,799,940	77,109,367
Losses					
Allowances	(1,029,667)	(1,029,667)	(1,029,667)	(1,029,667)	(1,023,823)
Vacancies	(3,990)	(3,990)	(3,990)	(3,990)	5
REH's Discharge	(191,955)	(171,595)	(147,912)	(260,957)	(241,363)
Irrecoverables	(288,108)	(288,108)	(288,108)	(288,108)	(222,861)
CAP	(309,362)	(310,905)	(310,905)	(310,905)	(270,912)
Cost of Collection	(980,689)	(979,294)	(978,892)	(978,304)	(856,625)
Total Losses	(2,803,772)	(2,783,560)	(2,759,475)	(2,871,932)	(2,615,579)
Income less Losses	79,082,575	79,063,111	79,051,051	78,928,008	74,493,788
% Collectable	96.58%	96.60%	96.63%	96.49%	96.61%
District Rate	0.4762	0.4762	0.4762	0.4762	0.4457
Regional Rate	0.5042	0.5042	0.5042	0.5042	0.4848
Total Rate	0.9804	0.9804	0.9804	0.9804	0.9305
District Due Domestic	38,411,997	38,402,543	38,396,686	38,336,921	35,681,764
District Due Non Domestic	22,440,138	22,378,882	22,362,119	22,355,540	20,638,523
Total District Due	60,852,136	60,781,425	60,758,805	60,692,461	56,320,287
To be paid	(60,134,188)	(60,134,188)	(60,134,188)	(60,134,188)	(56,064,758)
Finalisation	717,948	647,237	624,617	558,273	255,529

	In Year 24/25	In Year 24/25	In Year 24/25	In Year 24/25	In Year 23/24
Non Domestic	September	August	July	June	January
Gross Rate Income	47,528,917	47,419,116	47,389,166	47,319,137	44,554,361
Losses					
Allowances	(6,917)	(6,917)	(6,917)	(6,917)	(6,941)
Vacancies	(249,716)	(252,210)	(253,593)	(259,010)	(242,467)
Irrecoverables	(250,444)	(250,444)	(250,444)	(250,444)	(442,553)
3mth Vacant Rating	(134,192)	(134,192)	(134,192)	(134,192)	(94,124)
NDVR 50%	(1,032,114)	(1,032,114)	(1,032,114)	(1,029,282)	(1,020,621)
NDVR Exclusion	(710,723)	(731,145)	(722,734)	(673,180)	(701,067)
Cost of Collection	(650,744)	(639,486)	(649,801)	(639,785)	(569,747)
	(3,034,850)	(3,046,508)	(3,049,795)	(2,992,810)	(3,077,521)
	44,494,067	44,372,608	44,339,371	44,326,327	41,476,840
	93.61%	93.58%	93.56%	93.68%	93.09%
	30	30	30	29.53	27.63
	29	29	29	29.02	27.90
	58.5482	58.5482	58.5482	58.5482	55.5325
	22,440,138	22,378,882	22,362,119	22,355,540	20,638,523

4.0 Revaluations

There are still a number of outstanding revaluation challenge cases and whilst they could impact on our APP for 2024/25 most of the significant challenges have by now been dealt with.

5.0 Recommendation

It is recommended that Council note the report.

ACTUAL PENNY PRODUCT (APP) DATA

The audited APP data shown in the final box is the basis for the finalisation (settlement) of the de-rating grant. The quarterly APP data is provided to assist councils' monitoring of this grant during the year. The APP data cannot be broken down into the de-rated categories as the APP data is calculated on projected monetary values which include case settlements etc.

District	Non-Domestic District Rate 24/25	Estimated De-rating Grant Paid	Quarter 1: 30 June 2024			Quarter 2: 30 September 2024			Quarter 3:	30 November 2024			Indicative Year End: April/ May 2025			Finalisation: September/October 2025		
			Forecast APP	Forecast De-Rating Grant	Projected Settlement	Forecast APP	Forecast De-Rating Grant	Projected Settlement	Forecast APP	Forecast De-Rating Grant	Projected Settlement	Unaudited APP	Indicative De-rating Grant	Indicative Settlement	Audited APP	De-rating Grant Payable	Final Settlement of De-rating Grant	
Antrim & Newtownabbey	27.5128	3,443,502	118,850	3,269,896	-173,606	122,480	3,369,768	-73,734	0	0	0	0	0	0	0	0	0	
Ards & North Down	27.8467	1,881,323	65,859	1,833,956	-47,367	66,533	1,852,724	-28,599	0	0	0	0	0	0	0	0	0	
Armagh , Banbridge & Craigavon	29.9353	5,250,951	176,317	5,278,102	27,151	178,740	5,350,636	99,685	0	0	0	0	0	0	0	0	0	
Belfast	30.9162	6,520,845	211,158	6,528,203	7,358	206,916	6,397,056	-123,789	0	0	0	0	0	0	0	0	0	
Causeway Coast & Glens	29.5282	2,134,003	72,329	2,135,745	1,742	72,147	2,130,371	-3,632	0	0	0	0	0	0	0	0	0	
Derry & Strabane	37.7408	3,414,033	93,532	3,529,973	115,940	91,821	3,465,398	51,365	0	0	0	0	0	0	0	0	0	
Fermanagh & Omagh	25.5700	2,528,617	100,781	2,576,970	48,353	101,822	2,603,589	74,972	0	0	0	0	0	0	0	0	0	
Lisburn & Castlereagh	25.6984	3,557,173	134,604	3,459,107	-98,066	133,302	3,425,648	-131,525	0	0	0	0	0	0	0	0	0	
Mid & East Antrim	38.2215	4,087,407	105,280	4,023,960	-63,447	105,995	4,051,288	-36,119	0	0	0	0	0	0	0	0	0	
Mid Ulster	26.9452	6,325,925	233,216	6,284,052	-41,873	237,406	6,396,952	71,027	0	0	0	0	0	0	0	0	0	
Newry Mourne & Down	29.0334	3,113,251	107,567	3,123,036	9,785	107,041	3,107,764	-5,487	0	0	0	0	0	0	0	0	0	
TOTALS		42,257,030		42,043,000	-214,030		42,151,194	-105,836		0	0		0	0		0	0	

NB: The finalisation (settlement) is the difference between the de-rating grant paid during the year (calculated by multiplying the council's non-domestic district rate by the de-rated EPP used by the council in the rate setting process) and the Year End De-rating Grant (calculated by multiplying the council's non-domestic district rate by the audited APP). A negative number indicates clawback of De-rating Grant with a positive number resulting in additional De-rating Grant to that council in the subsequent financial year.

ESTIMATED PENNY PRODUCT (EPP) DATA for DE-RATING GRANT

The following additional data provides a quarterly overview of EPP data totals which is then further broken down for each de-rated category. This data is based on net annual valuations (NAV). The EPP has been derived by dividing the NAV data, provided by LPS, by 100 and multiplying by the percentage relevant for that category (as shown in category headings). As mentioned above the APP data cannot be directly correlated as APP figures are based on monetary values whereas NAV/EPP data is taken from the valuation list at a point in time.

District	EPP Totals				
	De-rated EPP at 31 October 2023	De-rated EPP Used by Councils to Set District Rate (No category breakdown)	Q1 Total 30 June 2024 De-rated EPP	Q2 Total 30 September 2024 De-rated EPP	Q3 Total 30 November 2024 De-rated EPP
Antrim & Newtownabbey	125,163	125,160	111,935	122,102	0
Ards & North Down	67,569	67,560	61,766	67,445	0
Armagh , Banbridge & Craigavon	175,418	175,410	162,066	177,450	0
Belfast	210,928	210,920	197,566	211,804	0
Causeway Coast & Glens	72,278	72,270	68,272	72,393	0
Derry & Strabane	90,466	90,460	85,488	90,215	0
Fermanagh & Omagh	98,899	98,890	94,313	101,777	0
Lisburn & Castlereagh	138,428	138,420	120,157	138,365	0
Mid & East Antrim	106,949	106,940	101,372	107,582	0
Mid Ulster	234,777	234,770	198,915	238,918	0
Newry Mourne & Down	107,235	107,230	104,469	107,942	0
TOTALS	1,428,110	1,428,030	1,306,317	1,435,994	0

District	EPP Data broken down by Category & Quarter															
	80% of Sport & Recreation (excluding CASC)				100% Community Amateur Sports Clubs Category (CASC)				70% of Industrial				75% of Freight & Transport			
	Oct 2023	Quarter 1	Quarter 2	Quarter 3	Oct 2023	Quarter 1	Quarter 2	Quarter 3	Oct 2023	Quarter 1	Quarter 2	Quarter 3	Oct 2023	Quarter 1	Quarter 2	Quarter 3
Antrim & Newtownabbey	3,982	4,065	3,941	0	607	607	607	0	120,575	107,263	117,554	0	0	0	0	0
Ards & North Down	9,277	8,828	9,332	0	695	695	695	0	57,339	51,994	57,160	0	259	250	259	0
Armagh , Banbridge & Craigavon	6,640	7,023	6,648	0	1,323	1,323	1,323	0	167,455	153,720	169,480	0	0	0	0	0
Belfast	14,208	14,465	14,137	0	576	576	576	0	162,897	151,108	163,845	0	33,247	31,418	33,248	0
Causeway Coast & Glens	8,357	8,463	8,372	0	1,792	1,792	1,792	0	61,993	57,875	62,093	0	136	143	136	0
Derry & Strabane	4,080	4,422	4,037	0	1,442	1,442	1,442	0	83,069	77,899	82,862	0	1,875	1,725	1,875	0
Fermanagh & Omagh	5,166	5,147	5,277	0	2,256	2,256	2,256	0	91,476	86,909	94,244	0	0	0	0	0
Lisburn & Castlereagh	2,264	2,636	2,322	0	361	361	361	0	135,804	117,160	135,682	0	0	0	0	0
Mid & East Antrim	3,853	4,111	3,875	0	301	301	301	0	100,759	94,860	101,369	0	2,036	2,100	2,036	0
Mid Ulster	5,584	5,294	6,223	0	3,021	3,021	3,021	0	226,173	190,601	229,674	0	0	0	0	0
Newry Mourne & Down	8,309	8,589	8,313	0	1,855	1,855	1,855	0	94,301	91,420	95,004	0	2,771	2,604	2,771	0
TOTALS	71,719	73,042	72,478	0	14,226	14,226	14,226	0	1,301,841	1,180,809	1,308,966	0	40,324	38,239	40,324	0