



<b>Title of Report:</b>	<b>Actual Penny Product Forecast analysis</b>
<b>Committee Report Submitted To:</b>	<b>Finance Committee</b>
<b>Date of Meeting:</b>	<b>9 November 2023</b>
<b>For Decision or For Information</b>	<b>For information</b>
<b>To be discussed In Committee YES/NO</b>	<b>No</b>

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

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

<b>Legal Considerations</b>	
Input of Legal Services Required	<b>YES/NO</b>
Legal Opinion Obtained	<b>YES/NO</b>

<b>Screening Requirements</b>	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 interim in year forecast for the APP based on figures at 30 September 2023. 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 £322k, down slightly from the June forecast of £421k. The figure has fallen steadily since the June forecast and could be as a result of the impact of revaluation challenges, certainly the drop does appear to be mainly on the non-domestic sector. Council will continue to monitor these figures over the remainder of the financial year in case the positive finalisation could turn into a deficit leading to a clawback of rates income by LPS.

### 2.1 Monthly Analysis

Month	April	May	June	July	August	September
Forecast	£280	£340	£421	£412	£374	£322

All figures £'000

## 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. These tables demonstrate 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. With regards the non-domestic sector the situation in respect of revaluation challenges will continue to be monitored and assessed. The obvious knock on effect at this time of year will be potentially be seen in the Estimated Penny Product figure which is used in the setting of the rate, any negative impact on this figure results in an increased additional burden on the ratepayer.

	In Year 23/24	In Year 23/24	In Year 23/24	In Year 23/24	In Year 23/24	In Year 23/24
Domestic	September	August	July	June	May	April
<b>Gross Rate Income</b>	<b>76,934,918</b>	<b>76,906,139</b>	<b>76,853,390</b>	<b>76,733,889</b>	<b>76,598,645</b>	<b>76,548,133</b>
<b>Losses</b>						
Allowances	(997,013)	(997,013)	(997,013)	(997,013)	(997,013)	(997,013)
Vacancies	0	0	0	0	0	0
REH's Discharge	(220,678)	(208,369)	(182,372)	(181,975)	(181,975)	(181,975)
Irrecoverables	(222,861)	(222,861)	(222,861)	(222,861)	(222,861)	(222,861)
CAP	(276,138)	(276,138)	(275,578)	(274,880)	(274,880)	(279,084)
Cost of Collection	(855,323)	(855,347)	(855,016)	(854,778)	(855,104)	(854,554)
<b>Total Losses</b>	<b>(2,572,013)</b>	<b>(2,559,728)</b>	<b>(2,532,839)</b>	<b>(2,531,507)</b>	<b>(2,531,833)</b>	<b>(2,535,488)</b>
Income less Losses	<b>74,362,905</b>	<b>74,346,411</b>	<b>74,320,551</b>	<b>74,202,381</b>	<b>74,066,813</b>	<b>74,012,645</b>
% Collectable	96.66%	96.67%	96.70%	96.70%	96.69%	96.69%
District Rate	0.4457	0.4457	0.4457	0.4457	0.4457	0.4457
Regional Rate	0.4848	0.4848	0.4848	0.4848	0.4848	0.4848
<b>Total Rate</b>	<b>0.9305</b>	<b>0.9305</b>	<b>0.9305</b>	<b>0.9305</b>	<b>0.9305</b>	<b>0.9305</b>
District Due Domestic	35,619,072	35,611,172	35,598,785	35,542,183	35,477,247	35,451,302
District Due Non Domestic	20,767,565	20,827,383	20,877,786	20,943,418	20,927,607	20,893,366
<b>Total District Due</b>	<b>56,386,637</b>	<b>56,438,555</b>	<b>56,476,572</b>	<b>56,485,602</b>	<b>56,404,854</b>	<b>56,344,667</b>
To be paid	(56,064,758)	(56,064,758)	(56,064,758)	(56,064,758)	(56,064,758)	(56,064,758)
<b>Finalisation</b>	<b>321,879</b>	<b>373,797</b>	<b>411,814</b>	<b>420,844</b>	<b>340,096</b>	<b>279,909</b>

	In Year	In Year	In Year	In Year	In Year	In Year
	23/24	23/24	23/24	23/24	23/24	23/24
Non Domestic	September	August	July	June	May	April
<b>Gross Rate Income</b>	<b>44,799,753</b>	<b>44,992,191</b>	<b>45,104,070</b>	<b>45,090,492</b>	<b>45,081,363</b>	<b>45,046,541</b>
<b>Losses</b>						
Allowances	(6,023)	(6,011)	(6,011)	(6,011)	(6,011)	(6,011)
Vacancies	(247,524)	(252,216)	(252,772)	(251,704)	(258,087)	(257,570)
Irrecoverables	(442,553)	(442,553)	(442,553)	(442,553)	(442,553)	(442,553)
3mth Vacant Rating	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)
NDVR 50%	(1,042,089)	(1,105,375)	(1,114,435)	(1,047,725)	(1,006,590)	(1,002,891)
NDVR Exclusion	(674,930)	(679,991)	(680,485)	(602,337)	(660,109)	(697,660)
Cost of Collection	(560,267)	(559,463)	(559,939)	(560,386)	(560,014)	(560,669)
	<b>(3,063,580)</b>	<b>(3,135,803)</b>	<b>(3,146,388)</b>	<b>(3,000,910)</b>	<b>(3,023,557)</b>	<b>(3,057,549)</b>
	<b>41,736,173</b>	<b>41,856,388</b>	<b>41,957,683</b>	<b>42,089,582</b>	<b>42,057,806</b>	<b>41,988,992</b>
	-6.73%	93.27%	93.27%	93.27%	93.27%	93.27%
	27.6325	27.6325	27.6325	27.6325	27.6325	27.6325
	27.9000	27.9000	27.9000	27.9000	27.9000	27.9000
	<b>55.5325</b>	<b>55.5325</b>	<b>55.5325</b>	<b>55.5325</b>	<b>55.5325</b>	<b>55.5325</b>
	20,767,565	20,827,383	20,877,786	20,943,418	20,927,607	20,893,366

## 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. It would appear that the decrease in this forecast in recent months has occurred mainly in the non-domestic sector and may therefore be as a result of revaluation appeals being processed.

## 5.0 Assumptions

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

- Gross Rate Income (GRI) calculated to 30<sup>th</sup> September 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 31<sup>st</sup> March 2023 or 30<sup>th</sup> September 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 calculated based on the actual losses as at 30<sup>th</sup> September 2023. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30<sup>th</sup> September 2023 by £24K 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 at 30<sup>th</sup> September 2023.
- Discount by way of landlord allowances has been calculated based on the monetary value of losses used in the EPP, the position at 31<sup>st</sup> March 2023 or the position at 30<sup>th</sup> September 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 31<sup>st</sup> March 2023 or the position at 30<sup>th</sup> September 2023, whichever is the higher loss. From recent meetings you will be aware that LPS is ramping up legal recovery action throughout 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 £198K, against a total of £665K 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 £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 31<sup>st</sup> March 2023 and 30<sup>th</sup> September 2023.
  
- The CAP based on losses in the system at 30<sup>th</sup> September 2023.