



Title of Report:	Actual Penny Product Forecast
Committee Report Submitted To:	Finance Committee
Date of Meeting:	28 November 2019
For Decision or For Information	For information – in committee

Linkage to Council Strategy (2019-23)	
Strategic Theme	Innovation and Transformation
Outcome	The Council will continuously examine and introduce ways to provide services in more accessible and efficient ways
Lead Officer	Chief Finance Officer

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

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 in year forecast for the APP based on figures at 30 September 2019. 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 £133k, an improvement from the first quarter which was £46k negative. The figure has been calculated on the basis of a number of assumptions which are detailed below:

The Assumptions

- Gross Rate Income (GRI) calculated as at 30th September 2019. An examination of the tax base for Causeway Coast and Glens Borough Council shows that there has been growth in the domestic sector of £94K and growth in the non-domestic sector of £162K (in regional and district rate terms) during the quarter. No further adjustment has been made to the GRI to account for expected reductions as a result of valuation activity throughout the rest of the year. You will be aware that there is approximately £4.3 million of NAV under challenge and **there will** be reductions as a result of this, the majority of which will be increased by a factor of five due to backdating to April 2015 when the 7th List went live.
- Rates foregone from vacant property in the non-domestic sector for the initial three month exemption period have been calculated based on the monetary value of losses used in the EPP, at 31st March 2019 or 30th September 2019 whichever is the higher. In the case of Causeway Coast and Glens Borough Council the forecast has calculated these based on losses used as at 31st March 2019. Losses in the “50%” and “Exempt” categories were calculated based on the actual loss at 30th September 2019. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th September 2019 by £59K 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 further improvement in the forecast. We will look at this in more detail in the third quarter.
- Rates foregone (exclusions including developer) from REH have been calculated based on the monetary value of losses at 30th September 2019.
- Discount by way of landlord allowances has been calculated based on the monetary value of losses used in the EPP, at 31st March 2019 or 30th September 2019 whichever is the higher.
- Write-offs based on losses of £15.897 million (split across the 11 Councils) based on the outturn position for the 2018-19 rating year. As at the end of the quarter there is a cushion of £534k in place in relation to the write off balance for the

year.

- Cost of Collection estimated at £18.2 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 2019 and 30th September 2019.
- The CAP based on losses in the system at 30th September 2019.

With regard to losses in the non-domestic sector and in particular vacant property we should not be complacent. The economic climate remains challenging and can impact without warning and sometimes significantly on revenue streams, thus making projections very difficult. We therefore believe that Council need to take a prudent approach to penny product figures at this stage of the year.

This is a more encouraging forecast however it does indicate that estimates used in setting the rate were very consistent with the strength of our rates base which continues to show growth albeit slowly and steadily.