



Title of Report:	Actual Penny Product Forecast analysis
Committee Report Submitted To:	Finance Committee
Date of Meeting:	14 December 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 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	October
Forecast	£280	£340	£421	£412	£374	£322	£334

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.

APP Analysis 2023/24							
Causeway Coast & Glens							
	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
Domestic	October	September	August	July	June	May	April
Gross Rate Income	77,014,510	76,934,918	76,906,139	76,853,390	76,733,889	76,598,645	76,548,133
Losses							
Allowances	(1,017,574)	(997,013)	(997,013)	(997,013)	(997,013)	(997,013)	(997,013)
Vacancies	0	0	0	0	0	0	0
REH's Discharge	(226,209)	(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)	(222,861)
CAP	(276,138)	(276,138)	(276,138)	(275,578)	(274,880)	(274,880)	(279,084)
Cost of Collection	(854,935)	(855,323)	(855,347)	(855,016)	(854,778)	(855,104)	(854,554)
Total Losses	(2,597,717)	(2,572,013)	(2,559,728)	(2,532,839)	(2,531,507)	(2,531,833)	(2,535,488)
Income less Losses	74,416,794	74,362,905	74,346,411	74,320,551	74,202,381	74,066,813	74,012,645
% Collectable	96.63%	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	0.4457
Regional Rate	0.4848	0.4848	0.4848	0.4848	0.4848	0.4848	0.4848
Total Rate	0.9305	0.9305	0.9305	0.9305	0.9305	0.9305	0.9305
District Due Domestic	35,644,884	35,619,072	35,611,172	35,598,785	35,542,183	35,477,247	35,451,302
District Due Non Domestic	20,754,188	20,767,565	20,827,383	20,877,786	20,943,418	20,927,607	20,893,366
Total District Due	56,399,072	56,386,637	56,438,555	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)	(56,064,758)	(56,064,758)	(56,064,758)
Finalisation	334,314	321,879	373,797	411,814	420,844	340,096	279,909
Domestic	79,592	28,779	52,749	119,502	135,243	50,512	5,149,155
Non Domestic	(25,123)	(192,438)	(111,879)	13,578	9,129	34,822	3,501,566

	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
Non Domestic	October	September	August	July	June	May	April
Gross Rate Income	44,774,630	44,799,753	44,992,191	45,104,070	45,090,492	45,081,363	45,046,541
Losses							
Allowances	(6,825)	(6,023)	(6,011)	(6,011)	(6,011)	(6,011)	(6,011)
Vacancies	(244,819)	(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)	(442,553)
3mth Vacant Rating	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)
NDVR 50%	(1,018,694)	(1,042,089)	(1,105,375)	(1,114,435)	(1,047,725)	(1,006,590)	(1,002,891)
NDVR Exclusion	(701,322)	(674,930)	(679,991)	(680,485)	(602,337)	(660,109)	(697,660)
Cost of Collection	(560,935)	(560,267)	(559,463)	(559,939)	(560,386)	(560,014)	(560,669)
	(3,065,341)	(3,063,580)	(3,135,803)	(3,146,388)	(3,000,910)	(3,023,557)	(3,057,549)
	41,709,289	41,736,173	41,856,388	41,957,683	42,089,582	42,057,806	41,988,992
		-6.73%	93.27%	93.27%	93.27%	93.27%	93.27%
	28	27.6325	27.6325	27.6325	27.6325	27.6325	27.6325
	28	27.9000	27.9000	27.9000	27.9000	27.9000	27.9000
	55.5325	55.5325	55.5325	55.5325	55.5325	55.5325	55.5325
	20,754,188	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. We have recently been told informally that a potential significant case is due to be settled and the possible effect of that settlement could be as high as £390k which, if it materialises, will, based on the current projections, move Council into a clawback scenario.

5.0 Recommendation

It is recommended that Council note the report.