

<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>11 January 2024</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 November 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 £335k, 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	Jun	July	Aug	Sept	Oct	Nov
Forecast	£280	£340	£421	£412	£374	£322	£334	£335

All figures £'000

### 2.2 Additional analysis

Included with the November figures is a second estimate for the APP forecast. The figure contained within the table above is prepared on the basis of a number of assumptions at the outset in terms of for example cost of collection, allowances and debt. The difference between the two figures is in relation to debt and specifically how much debt has been written off. When we use the actual debt write off to date the position improves to approximately £530k. It is anticipated at this stage that the assumed debt write off will not be required therefore the final position will probably lie somewhere between the two figures quoted.

## 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. A second set of tables sets out the revised position using actual debt (Irrecoverables) figures.

<b>APP Analysis 2023/24</b>								
<b>Causeway Coast &amp; Glens</b>								
	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	November	October	September	August	July	June	May	April
<b>Gross Rate Income</b>	<b>77,055,115</b>	<b>77,014,510</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	(1,021,734)	(1,017,574)	(997,013)	(997,013)	(997,013)	(997,013)	(997,013)	(997,013)
Vacancies	0	0	0	0	0	0	0	0
REH's Discharge	(229,651)	(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)	(222,861)
CAP	(276,138)	(276,138)	(276,138)	(276,138)	(275,578)	(274,880)	(274,880)	(279,084)
Cost of Collection	(855,988)	(854,935)	(855,323)	(855,347)	(855,016)	(854,778)	(855,104)	(854,554)
<b>Total Losses</b>	<b>(2,606,373)</b>	<b>(2,597,717)</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>74,448,742</b>	<b>74,416,794</b>	<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	96.62%	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	0.4457
Regional Rate	0.4848	0.4848	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>	<b>0.9305</b>	<b>0.9305</b>
District Due Domestic	35,660,187	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	20,739,927	20,754,188	20,767,565	20,827,383	20,877,786	20,943,418	20,927,607	20,893,366
<b>Total District Due</b>	<b>56,400,114</b>	<b>56,399,072</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)	(56,064,758)	(56,064,758)
<b>Finalisation</b>	<b>335,356</b>	<b>334,314</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 23/24	In Year 23/24	In Year 23/24	In Year 23/24	In Year 23/24	In Year 23/24	In Year 23/24	In Year 23/24
Non Domestic	November	October	September	August	July	June	May	April
<b>Gross Rate Income</b>	<b>44,739,060</b>	<b>44,774,630</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	(6,825)	(6,825)	(6,023)	(6,011)	(6,011)	(6,011)	(6,011)	(6,011)
Vacancies	(245,742)	(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)	(442,553)
3mth Vacant Rating	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)
NDVR 50%	(1,009,625)	(1,018,694)	(1,042,089)	(1,105,375)	(1,114,435)	(1,047,725)	(1,006,590)	(1,002,891)
NDVR Exclusion	(703,488)	(701,322)	(674,930)	(679,991)	(680,485)	(602,337)	(660,109)	(697,660)
Cost of Collection	(560,004)	(560,935)	(560,267)	(559,463)	(559,939)	(560,386)	(560,014)	(560,669)
	<b>(3,058,431)</b>	<b>(3,065,341)</b>	<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>41,680,629</b>	<b>41,709,289</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%
	28	28	27.6325	27.6325	27.6325	27.6325	27.6325	27.6325
	28	28	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>	<b>55.5325</b>	<b>55.5325</b>
	20,739,927	20,754,188	20,767,565	20,827,383	20,877,786	20,943,418	20,927,607	20,893,366

<b>APP Analysis 2023/24</b>				
<b>Causeway Coast &amp; Glens</b>				
	<b>In Year</b>	<b>In Year</b>	<b>In Year</b>	<b>In Year</b>
	<b>23/24</b>	<b>23/24</b>	<b>23/24</b>	<b>23/24</b>
<b>Domestic</b>	<b>November</b>	<b>October</b>	<b>September</b>	<b>August</b>
<b>Gross Rate Income</b>	<b>77,055,115</b>	<b>77,014,510</b>	<b>76,934,918</b>	<b>76,906,139</b>
<b>Losses</b>				
Allowances	(1,021,734)	(1,017,574)	(944,288)	(175,958)
Vacancies	0	0	0	0
REH's Discharge	(229,651)	(226,209)	(220,678)	(208,369)
Irrecoverables	(129,593)	(109,685)	(71,325)	(52,965)
CAP	(276,138)	(276,138)	(276,138)	(276,138)
Cost of Collection	(855,988)	(854,935)	(855,323)	(855,347)
<b>Total Losses</b>	<b>(2,513,105)</b>	<b>(2,484,541)</b>	<b>(2,367,753)</b>	<b>(1,568,777)</b>
<b>Income less Losses</b>	<b>74,542,010</b>	<b>74,529,970</b>	<b>74,567,165</b>	<b>75,337,362</b>
<i>% Collectable</i>	96.74%	96.77%	96.92%	97.96%
District Rate	0.4457	0.4457	0.4457	0.4457
Regional Rate	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>
District Due Domestic	35,704,862	35,699,095	35,716,911	36,085,827
District Due Non Domestic	20,889,661	20,912,747	20,936,504	21,102,510
<b>Total District Due</b>	<b>56,594,523</b>	<b>56,611,842</b>	<b>56,653,415</b>	<b>57,188,338</b>
To be paid	(56,064,758)	(56,064,758)	(56,064,758)	(56,064,758)
<b>Finalisation</b>	<b>529,765</b>	<b>547,084</b>	<b>588,657</b>	<b>1,123,580</b>

	In Year	In Year	In Year	In Year
	23/24	23/24	23/24	23/24
Non Domestic	November	October	September	August
<b>Gross Rate Income</b>	<b>44,739,060</b>	<b>44,774,630</b>	<b>44,799,753</b>	<b>44,992,191</b>
<b>Losses</b>				
Allowances	(6,825)	(6,825)	(6,023)	(2,070)
Vacancies	(245,742)	(244,819)	(247,524)	(252,216)
Irrecoverables	(155,626)	(140,605)	(126,591)	(94,398)
3mth Vacant Rating	(76,202)	(73,487)	(66,641)	(49,654)
NDVR 50%	(1,009,625)	(1,018,694)	(1,042,089)	(1,006,910)
NDVR Exclusion	(703,488)	(701,322)	(674,930)	(618,174)
Cost of Collection	(560,004)	(560,935)	(560,267)	(559,463)
	<b>(2,757,513)</b>	<b>(2,746,687)</b>	<b>(2,724,066)</b>	<b>(2,582,885)</b>
	<b>41,981,547</b>	<b>42,027,943</b>	<b>42,075,687</b>	<b>42,409,306</b>
	-6.73%	-6.73%	-6.73%	93.27%
	28	27.6325	27.6325	27.6325
	28	27.9000	27.9000	27.9000
	<b>55.5325</b>	<b>55.5325</b>	<b>55.5325</b>	<b>55.5325</b>
	20,889,661	20,912,747	20,936,504	21,102,510

#### **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.