



<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>14 March 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 interim in year forecasts for the APP based on figures at 31 December 2023 and 31 January 2024. 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 £256k, down from the November forecast of £335k. 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. The drop in the latest figures would appear to be driven by the settlement of a sizeable revaluation challenge. This means that the expected settlement reported in previous periods and referred to in paragraph 4 below is still outstanding and has the potential for a further significant reduction, possibly even pushing Council into a clawback scenario. Council will continue to monitor these figures over the remainder of the financial year.

### 2.1 Monthly Analysis

Month	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan
Forecast	£421	£412	£374	£322	£334	£335	£364	£256

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 £377k. 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.

<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	In Year
	23/24	23/24	23/24	23/24	23/24	23/24	23/24	23/24	23/24
Domestic	January	December	November	October	September	August	July	June	
<b>Gross Rate Income</b>	<b>77,109,367</b>	<b>77,101,061</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>Losses</b>									
Allowances	(1,023,823)	(1,023,279)	(1,021,734)	(1,017,574)	(997,013)	(997,013)	(997,013)	(997,013)	
Vacancies	5	0	0	0	0	0	0	0	
REH's Discharge	(241,363)	(227,874)	(229,651)	(226,209)	(220,678)	(208,369)	(182,372)	(181,975)	
Irrecoverables	(222,861)	(222,861)	(222,861)	(222,861)	(222,861)	(222,861)	(222,861)	(222,861)	
CAP	(270,912)	(274,608)	(276,138)	(276,138)	(276,138)	(276,138)	(275,578)	(274,880)	
Cost of Collection	(856,625)	(856,314)	(855,988)	(854,935)	(855,323)	(855,347)	(855,016)	(854,778)	
<b>Total Losses</b>	<b>(2,615,579)</b>	<b>(2,604,936)</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>	
Income less Losses	<b>74,493,788</b>	<b>74,496,125</b>	<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>	
% Collectable	96.61%	96.62%	96.62%	96.63%	96.66%	96.67%	96.70%	96.70%	
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	35,681,764	35,682,883	35,660,187	35,644,884	35,619,072	35,611,172	35,598,785	35,542,183	
District Due Non Domestic	20,638,523	20,745,628	20,739,927	20,754,188	20,767,565	20,827,383	20,877,786	20,943,418	
<b>Total District Due</b>	<b>56,320,287</b>	<b>56,428,511</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>	
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>255,529</b>	<b>363,753</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>	
Domestic	8,306	45,946	40,605	79,592	28,779	52,749	119,502	135,243	
Non Domestic	(211,826)	27,127	(35,570)	(25,123)	(192,438)	(111,879)	13,578	9,129	

	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	January	December	November	October	September	August	July	June
<b>Gross Rate Income</b>	<b>44,554,361</b>	<b>44,766,187</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>Losses</b>								
Allowances	(6,941)	(6,825)	(6,825)	(6,825)	(6,023)	(6,011)	(6,011)	(6,011)
Vacancies	(242,467)	(242,150)	(245,742)	(244,819)	(247,524)	(252,216)	(252,772)	(251,704)
Irrecoverables	(442,553)	(442,553)	(442,553)	(442,553)	(442,553)	(442,553)	(442,553)	(442,553)
3mth Vacant Rating	(94,124)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)	(90,193)
NDVR 50%	(1,020,621)	(1,018,889)	(1,009,625)	(1,018,694)	(1,042,089)	(1,105,375)	(1,114,435)	(1,047,725)
NDVR Exclusion	(701,067)	(703,488)	(703,488)	(701,322)	(674,930)	(679,991)	(680,485)	(602,337)
Cost of Collection	(569,747)	(570,003)	(560,004)	(560,935)	(560,267)	(559,463)	(559,939)	(560,386)
	<b>(3,077,521)</b>	<b>(3,074,101)</b>	<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>41,476,840</b>	<b>41,692,087</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>
					-6.73%	93.27%	93.27%	93.27%
	28	28	28	28	27.6325	27.6325	27.6325	27.6325
	28	28	28	28	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>
	20,638,523	20,745,628	20,739,927	20,754,188	20,767,565	20,827,383	20,877,786	20,943,418

#### **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.