

Actual Penny Product Forecast	15/01/2019
Corporate, Policy and Resources Committee – For information	

Linkage to Council Strategy (2015-19)	
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
Cost: (If applicable)	N/A

1.1 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.

1.2 Detail

LPS has issued to Councils the third in year forecast for the APP based on figures at 30 November 2018. 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 £152k. 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 November 2018. An examination of the

income for Causeway Coast and Glens Borough Council shows that there has been growth in both the domestic and non-domestic sectors of £95K and £76K respectively (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 £5 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 four 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 2018 or 30th November 2018 whichever is the higher. In the case of your Council, we have used the loss in the EPP. Losses in the “50%” and “Exempt” categories were calculated based on the actual loss at 30th November 2018 plus a 2% uplift. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th November 2018 by £85K 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.
- Rates foregone (exclusions including developer) from REH have been calculated based on the monetary value of losses at 30th November 2018.
- Discount by way of landlord allowances has been calculated based on the monetary value of losses as at 30th November 2018.
- For the purpose of this third quarter calculation, the write-off figure included in the original estimate has been used, for your Council this figure is £994K.
- Cost of Collection estimated at £19.2 million for the rating year apportioned across the 11 Councils on the basis of statutory formula.
- The CAP based on losses in the system at 30th November 2018.

This is an encouraging indication that the strength of our rates base continues to show growth albeit slowly and steadily.