Actual Penny Product Forecast	20/08/2019
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 first in year forecast for the APP based on figures at 30 June 2019. The forecast for Causeway Coast and Glens Borough Council indicates that we are on course to receive a negative finalisation in terms of rates income amounting to approximately £46k. The figure has been calculated on the basis of a number of assumptions which are detailed below:

The Assumptions

- Gross Rate Income (GRI) calculated to 30th June 2019 from the rating system without any further adjustments.

- Rates foregone from vacant property in the non-domestic sector for the initial 3-month exemption period have been calculated based on the monetary value of losses used in the EPP, at 31st March 2019 or 30th June 2019 whichever is the higher. In the case of Causeway Coast and Glens Borough Council the forecast has calculated these based on the losses at 31st March 2019. Losses in the "50%" and "Exempt" categories were calculated on the monetary value at 30th June 2019 plus a 5% cushion. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th June 2019 by £182K 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 improvement in the forecast. We will look at this in more detail in the second quarter.

- Rates foregone (exclusions including developer exclusions) from REH have been calculated based on the monetary value of losses used in the EPP, at 31st March 2019 or 30th June 2019 whichever is the higher.

- Discount by way of landlord allowances has been calculated based on the monetary value of losses used in the EPP, the position at 31st March 2019 or the position at 30th June 2019, whichever is the higher loss.

- 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.

- 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 June 2019.

- The CAP based on losses in the system at 30th June 2019.

This is a slightly disappointing 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.