

Actual Penny Product Forecast	20/09/2016
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 2015 which is the end of the first quarter. 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 £232,597. The figure has been calculated on the basis of a number of assumptions which are detailed below:

- Gross Rate Income (GRI) calculated to 30th June 2016.
- 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 2016 or 30th June 2016 whichever is the higher. In the case of Causeway Coast and Glens Borough Council the forecast has calculated these based on the losses used in the EPP. Losses in the “50%” and “Exempt” categories were calculated based on the actual loss at 30th June 2016 plus a 5% uplift. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th June 2016 by £206k 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. 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 figure in the rating system as at 31st June 2016.
- 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 2016 or the position at 30th June 2016, whichever is the higher loss.
- Write offs based on losses of £24.6 million used in the estimated penny product setting process.
- Cost of Collection estimated at £20 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 2016 and 30th June 2016.
- The CAP based on losses in the system at 30th June 2016.

This is an encouraging indication of the strength of our rates base however as on previous occasions some caution still needs to be exercised due the ongoing challenges to the non-domestic revaluation.

The second part of the report from LPS relates to the non-domestic revaluation which was carried out recently with ratepayers having up to 31 March 2016 to lodge any challenge, Causeway Coast and Glens Borough at 30 June had 214 outstanding challenge cases with a total of approximately £13m of rateable value under challenge. As with previous reports to Council I stress a certain amount of caution around the positive APP forecast given the level of outstanding challenge cases.