Actual Penny Product Forecast	15/8/2017
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 2016. 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 £325k. 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 2017 from the rating system.

- 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 2017 or 30th June 2017 whichever is the higher. In the case of Causeway Coast & Glens Borough Council the forecast has calculated these based on the EPP. Losses in the "50%" and "Exempt" categories were also calculated on the monetary value of losses used in the EPP, at 31st March 2017 or 30th June 2017 whichever is the higher. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th June 2017 by £563k 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 2017 or 30th June 2017 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 2017 or the position at 30th June 2017, whichever is the higher loss.

- Write offs based on losses of £24.4 million (split across the 11 Councils) used in the estimated penny product setting process.

- Cost of Collection estimated at £20.1 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 2017 and 30th June 2017.

- The CAP based on losses in the system at 30th June 2017.

This is an encouraging indication of the strength of our rates base as we now appear to be gaining the benefit of many of the recent increased planning applications with these now beginning to appear as properties on the ground. There is however caution continuing to be expressed around ongoing challenges to the non-domestic revaluation. Many of these challenges have been settled and their effect of the penny product has been dealt with but there are still a number of high value challenges with the added impact due to these potentially being backdated thereby impacting on more than one year's rates. It should be noted that the first quarter figures for 2016/17 were very encouraging but the finalisation reduced significantly as the year progressed, initially £232k the latest estimate being just under £49k.