

<b>Actual Penny Product Forecast</b>	<b>15/11/2016</b>
<b>Corporate, Policy and Resources Committee – For information</b>	

<b>Linkage to Council Strategy (2015-19)</b>	
<b>Strategic Theme</b>	Innovation and Transformation
<b>Outcome</b>	The Council will continuously examine and introduce ways to provide services in more accessible and efficient ways
<b>Lead Officer</b>	Chief Finance Officer
<b>Cost: (If applicable)</b>	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 second in year forecast for the APP based on figures at 30 September 2016 which is the end of the second 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 £97,289 (First quarter was £232,597). The figure has been calculated on the basis of a number of assumptions which are detailed below:

- Gross Rate Income (GRI) calculated as at 30<sup>th</sup> September 2016. An examination of the tax base for Causeway Coast and Glens Borough Council shows that there has been growth in the domestic sector of £146K and contraction in the non-domestic sector of £515K (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 £11 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 two due to backdating to April 2015 when the 7<sup>th</sup> List went live. Note that there is some small steady increase in the domestic tax base.

- 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 31<sup>st</sup> March 2016 or 30<sup>th</sup> September 2016 whichever is the higher. In the case of Causeway Coast and Glens Borough Council the forecast has calculated these based on losses as at 31<sup>st</sup> March 2016. Losses in the “50%” and “Exempt” categories were calculated based on the actual loss at 30<sup>th</sup> September 2016 plus a 2% uplift. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30<sup>th</sup> September 2016 by £138K 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 third quarter.
- Rates foregone (exclusions including developer) from REH have been calculated based on the monetary value of losses at 30<sup>th</sup> September 2016.
- Discount by way of landlord allowances has been calculated based on the monetary value of losses used in the EPP, at 31<sup>st</sup> March 2016 or 30<sup>th</sup> September 2016 whichever is the higher.
- Write-offs based on losses of £24.7 million used in the estimates including irrecoverables arising from REH.
- Cost of Collection estimated at £20.3 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 31<sup>st</sup> March 2016 and 30<sup>th</sup> September 2016.
- The CAP based on losses in the system at 30<sup>th</sup> September 2016.

This is a less encouraging indication of the strength of our rates base than on previous occasions the caution expressed around ongoing challenges to the non-domestic revaluation now seeming well placed