

Actual Penny Product Forecast	17/1/2017
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 third in year forecast for the APP based on figures at 30 November 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 £48,886 (First quarter was £232,597, second quarter £97,289). 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 November 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 £53K and contraction in the non-domestic sector of £5K (in regional and district rate terms) during the quarter.
- 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 2016 or 30th November 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 31st March 2016. Losses in the “50%” and “Exempt” categories were calculated based on the actual loss at 30th November 2016 plus a 2% uplift. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30th November 2016 by £92K 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 actual loss at 30th November 2016.
- Discount by way of landlord allowances has been calculated at the actual loss as at 30th November 2016.
- Write-offs based on losses of £24.7 million used in the estimates. As at 30th November 2016 the estimated losses due to write-off that have been included in this forecast exceed the actual write-off in Causeway Coast & Glens Borough Council by £724,083. However, we expect a significant increase in the volume of write-off processed in the final quarter. If the final figure is lower than that used in the estimate there is additional scope for the positive outturn to improve further.
- 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 31st March 2016 and 30th November 2016.
- The CAP based on losses in the system at 30th November 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 however the challenge cases are being dealt with and given that appeals are limited to 30 days from the initial challenge decision the risk of loss to the valuation list is diminishing.