



<b>Title of Report:</b>	<b>Actual Penny Product Forecast analysis</b>
<b>Committee Report Submitted To:</b>	<b>Finance Committee</b>
<b>Date of Meeting:</b>	<b>12 September 2024</b>
<b>For Decision or For Information</b>	<b>For information</b>
<b>To be discussed In Committee YES/NO</b>	<b>No</b>

<b>Linkage to Council Strategy (2021-25)</b>	
Strategic Theme	Cohesive Leadership
Outcome	Council has agreed policies and procedures and decision making is consistent with them.
Lead Officer	Chief Finance Officer

<b>Budgetary Considerations</b>	
Cost of Proposal	
Included in Current Year Estimates	<b>YES/NO</b>
Capital/Revenue	Revenue
Code	
Staffing Costs	

<b>Legal Considerations</b>	
Input of Legal Services Required	<b>YES/NO</b>
Legal Opinion Obtained	<b>YES/NO</b>

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

## 1.0 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.

## 2.0 Detail

LPS has issued to Councils the first quarter in year forecast for the APP based on figures at 30 June 2024 and the interim monthly forecast as at 31 July 2024. The forecast for Causeway Coast and Glens Borough Council has been based on in year assumptions for both sets of figures.

### 2.1 Monthly Analysis

Month	Jun	Jul
Forecast	£558	£625

All figures £'000

### 2.2 Additional analysis

The figures indicate a significant projected finalisation in terms of rates income for Council however it is too early to place much certainty on these figures as there are many factors that could lead to reductions in them as the year progresses. It is however a strong start to the year and does give optimism that there is some growth in the rates base and gives Council somewhat of a buffer should negative market forces arise.

## 3.0 APP analysis

The tables below set out the analysis of the APP forecast for the current financial year in terms of both domestic and non-domestic properties.

<b>APP Analysis 2024/25</b>			
<b>Causeway Coast &amp; Glens</b>			
	<b>In Year</b>	<b>In Year</b>	<b>In Year</b>
	<b>24/25</b>	<b>24/25</b>	<b>23/24</b>
<b>Domestic</b>	<b>July</b>	<b>June</b>	<b>January</b>
<b>Gross Rate Income</b>	<b>81,810,526</b>	<b>81,799,940</b>	<b>77,109,367</b>
<b>Losses</b>			
Allowances	(1,029,667)	(1,029,667)	(1,023,823)
Vacancies	(3,990)	(3,990)	5
REH's Discharge	(147,912)	(260,957)	(241,363)
Irrecoverables	(288,108)	(288,108)	(222,861)
CAP	(310,905)	(310,905)	(270,912)
Cost of Collection	(978,892)	(978,304)	(856,625)
<b>Total Losses</b>	<b>(2,759,475)</b>	<b>(2,871,932)</b>	<b>(2,615,579)</b>
<b>Income less Losses</b>	<b>79,051,051</b>	<b>78,928,008</b>	<b>74,493,788</b>
<i>% Collectable</i>	96.63%	96.49%	96.61%
District Rate	0.4762	0.4762	0.4457
Regional Rate	0.5042	0.5042	0.4848
<b>Total Rate</b>	<b>0.9804</b>	<b>0.9804</b>	<b>0.9305</b>
District Due Domestic	38,396,686	38,336,921	35,681,764
District Due Non Domestic	22,362,119	22,355,540	20,638,523
<b>Total District Due</b>	<b>60,758,805</b>	<b>60,692,461</b>	<b>56,320,287</b>
To be paid	(60,134,188)	(60,134,188)	(56,064,758)
<b>Finalisation</b>	<b>624,617</b>	<b>558,273</b>	<b>255,529</b>

	In Year	In Year	In Year
	24/25	24/25	23/24
Non Domestic	July	June	January
<b>Gross Rate Income</b>	<b>47,389,166</b>	<b>47,319,137</b>	<b>44,554,361</b>
<b>Losses</b>			
Allowances	(6,917)	(6,917)	(6,941)
Vacancies	(253,593)	(259,010)	(242,467)
Irrecoverables	(250,444)	(250,444)	(442,553)
3mth Vacant Rating	(134,192)	(134,192)	(94,124)
NDVR 50%	(1,032,114)	(1,029,282)	(1,020,621)
NDVR Exclusion	(722,734)	(673,180)	(701,067)
Cost of Collection	(649,801)	(639,785)	(569,747)
	<b>(3,049,795)</b>	<b>(2,992,810)</b>	<b>(3,077,521)</b>
	<b>44,339,371</b>	<b>44,326,327</b>	<b>41,476,840</b>
	93.56%	93.68%	93.09%
	30	29.53	27.63
	29	29.02	27.90
	<b>58.5482</b>	<b>58.5482</b>	<b>55.5325</b>
	22,362,119	22,355,540	20,638,523

### 3.1 Assumptions

The assumptions used in calculating the forecasts are set out below:

- Gross Rate Income (GRI) calculated to 30<sup>th</sup> June 2024 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 31<sup>st</sup> March 2024 or 30<sup>th</sup> June 2024, 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%” category were also calculated on the monetary value of losses used in the EPP, at 31<sup>st</sup> March 2024 or 30<sup>th</sup> June 2024, whichever is the higher. Losses in the “Exempt” category were based on the 30<sup>th</sup> June 2024 from the rating system without further adjustments. In this regard losses built into the forecast exceed actual losses in the LPS accounting system at 30<sup>th</sup> June 2024 by £198K 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 31<sup>st</sup> March 2024 or 30<sup>th</sup> June 2024, 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 31<sup>st</sup> March 2024 or the position at 30<sup>th</sup> June 2024, whichever is the higher loss.
- Write-offs based on losses of £16.1 million (split across the 11 Councils) based on the losses used in the EPP. From recent meetings you will be aware that LPS is ramping up legal recovery action for this year to help reduce the overall debt position, however it may take some time to reach pre-Covid levels. I can advise that the actual write-off as at the end of June is £82K, against a total of £539K included in the forecast. LPS will keep the situation under scrutiny and will be alerting you to how this changes throughout the year.
- Cost of Collection estimated at £22 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> December 2023 and 30<sup>th</sup> June 2024.

The CAP based on losses in the system at 30<sup>th</sup> June 2024.

#### **4.0 Revaluations**

There are still a number of outstanding revaluation challenge cases and whilst they could impact on our APP for 2024/25 most of the significant challenges have by now been dealt with.

#### **5.0 Recommendation**

**It is recommended that Council note the report.**