

Forest Heath District Council Risk Area	2018/19 Impact £000s	2018/22 MTFS Impact £000s
<p><u>Pay Inflation</u></p> <p>The Council’s MTFS currently assumes a 2% pay inflationary increase for 2018/19 onwards (with additional pay awards for lower grades in 2018/19 and 2019/20 only).</p> <p>An annual 1% increase in pay inflation over what is already assumed in the MTFS would result in an additional £268k pressure on the Council’s MTFS.</p>	<p>62</p>	<p>268</p>
<p><u>Employers Pensions</u></p> <p>The Council’s MTFS currently assumes the following Employers’ Pension Contribution Rates:</p> <p>2018/19 - 31.0% 2019/20 - 32.5% 2020/21 - 34.5% 2021/22 - 36.5%</p> <p>An increase of 1% to the contributions on top of that already budgeted would result in an additional pressure of £183k on the Council’s MTFS.</p>	<p>46</p>	<p>183</p>
<p><u>Employers Pensions - Take-up</u></p> <p>Pension costs budgeted in the MTFS reflect the actual level of staff currently opting into the superannuation scheme.</p> <p>An increase in opt-in levels of 5% would result in an additional pressure of £342k across the MTFS.</p>	<p>76</p>	<p>342</p>
<p><u>Industrial Unit & Shop Rental Income</u></p> <p>The Council’s MTFS currently allows for no inflationary increase in industrial unit & shop rental income.</p> <p>If income from rents falls by 10% this would put an additional £820k pressure on the MTFS.</p>	<p>201</p>	<p>820</p>
<p><u>Planning Income</u></p> <p>The Council’s Building Control and Planning Application Fees have been set to reflect actual levels currently being achieved. There is, however, a risk that the desired levels of income may not be achieved.</p> <p>If Planning income levels were to drop by 10%, this would have a £342k detrimental impact on the Council’s MTFS.</p>	<p>85</p>	<p>342</p>

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<p><u>Interest Receipt Rates</u></p> <p>The Council’s current assumptions around interest receipts are as follows:</p> <p>2018/19 - 0.90% 2019/20 - 0.90% 2020/21 - 0.90% 2021/22 - 0.90%</p> <p>A 0.1% reduction in each of these figures would result in approximately £405k pressure on the Council’s MTFS.</p>	<p>68</p>	<p>405</p>
<p><u>Council Tax Collection</u></p> <p>The level of Council Tax receipts in the MTFS are based upon collection rates of 97% for Council Tax and 85% for the additional income generated from changes to the discounts scheme.</p> <p>A fall of 1% in both of these collection rates would have a detrimental effect of £109k across the Council’s MTFS.</p>	<p>27</p>	<p>109</p>
<p><u>Business Rate Retention - Amount collectable</u></p> <p>The Business Rates Retention Scheme commenced from 1 April 2013. Under the new scheme, the Council benefits from a proportion of the additional business rates generated through economic growth in its area. Conversely the risks inherent in such a scheme have now been passed down to local authorities and as such the Council could suffer from an economic decline or the cessation of business from one of its major business ratepayers.</p> <p>A 1% decrease in the business rates collectable across the District would result in additional pressure on the MTFS of around £95k per year.</p>	<p>93</p>	<p>385</p>

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<p><u>Business Rate Retention - Multiplier</u></p> <p>The business rate retention multiplier is set centrally and is increased annually by the September CPI figures (3.0% as at September 2017 which has been used to inflate the multiplier for 2018/19). The OBR also give indicative CPI figures for future years (currently 2.2% for 2019/20). The MTFS assumption for 2020/21 and 2021/22 has been set at a more prudent level to reflect the possible impact of the introduction of 75% business rate retention scheme and the outcome of the Fairer Funding Review.</p> <p>A 1% reduction in the CPI below the rates assumed would result in an additional pressure of £119k for the period 2019/20 to 2021/22.</p>	<p>0</p>	<p>119</p>
<p><u>Business Rate Retention - post 2020</u></p> <p>The MTFS currently assumes a cost neutral position in 2020/21 when Local Government is expected to be given 75% retention of Business Rates. However, this is untested and will continue to be monitored. If the rebaselining and 75% retention resulted in a loss of 50% of BR income above funding baseline, this would have the impact of around £500k in 2020/21 and each year thereafter.</p> <p>The council has created a Business Rate Equalisation Reserve to assist with significant impacts of Business Rate Retention and appeals. This reserve would be potentially available to support a short term drop in BR income. However, medium term plans would have to be reviewed.</p>	<p>N/A</p>	<p>N/A</p>
<p><u>Housing Benefit Subsidy/Universal Credits/Housing Benefit Overpayments</u></p> <p>The MTFS currently assumes a 99% subsidy rate within the budgets.</p> <p>A 1% reduction in this subsidy rate for the Council for each year would result in an additional £582k pressure on the Council’s MTFS position.</p> <p>The Council holds a Housing Benefits Equalisation Reserve from which funds could be drawn to mitigate any short term impact.</p>	<p>145</p>	<p>582</p>

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<p><u>Projects</u></p> <p>The MTFS currently assumes net income generation of £1,837k across the MTFS as a result of a variety of ambitious projects taking place.</p> <p>Risks associated with each of these projects will vary according to the specific set of circumstances but have been considered in the Project Business Cases. A 5% reduction in the net benefit across these projects would result in a £92k additional pressure on the MTFS.</p>	<p>24</p>	<p>92</p>
<p><u>Solar Farm Income</u></p> <p>The MTFS assumes income generation of £1,289k in 2018/19 from the Council's solar farm project (£5,403k across the MTFS). This is based on several assumptions that are, as yet, untested.</p> <p>A 5% shortfall on the income assumptions made in the MTFS would generate an additional pressure of £260k.</p>	<p>64</p>	<p>270</p>
<p><u>Borrowing Costs - Interest</u></p> <p>The MTFS includes borrowing costs (interest) amounting to £615k in 2018/19 to fund the ambitious project agenda (£5,887k across the MTFS).</p> <p>If the interest rates assumed increase by 0.5%, there will be an additional pressure of £566k.</p>	<p>110</p>	<p>566</p>
<p><u>Operational Capacity - Waste and Street Scene</u></p> <p>The MTFS currently assumes consistent assumptions around inflation on current levels of operational staffing and equipment. To date the Waste and Street Scene team have been able to absorb growth requirements within current capacity, however this will become more challenging in the future as the population increases.</p> <p>An additional 5,000 households in the borough would necessitate the requirement for an additional household waste and recycling round, plus associated street cleansing and grounds maintenance. The revenue implication of this is around £210k for staffing and associated supplies and services, plus around £185k capital requirements for vehicles.</p>	<p>0</p>	<p>210</p>
<p>TOTALS (£000s):</p>	<p>1,002</p>	<p>4,694</p>