

Risk Area	2019/20 Impact £000s	2019/23 MTFS Impact £000s
<p><u>Pay Inflation</u></p> <p>The Council's MTFS currently assumes a 2% pay inflationary increase for 2019/20 onwards (with additional pay awards for lower grades in 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 £905k pressure on the Council's finances.</p>	222	905
<p><u>Employers Pensions</u></p> <p>The Council's MTFS currently assumes the following Employers' Pension Contribution Rates:</p> <p>2019/20 - 32.27% 2020/21 - 34.27% 2021/22 - 36.27% 2022/23 - 38.27%</p> <p>An increase of 1% to the contributions on top of that already budgeted would result in an additional pressure of £782k on the Council's MTFS.</p>	195	782
<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 £1,494k across the MTFS.</p>	336	1,494
<p><u>Council Tax Collection</u></p> <p>The level of Council Tax receipts in the MTFS are based upon collection rates of 97-98% for Council Tax and 85% for the additional income generated from changes to the discounts scheme.</p> <p>A fall of 1% in each of these collection rates would have a detrimental effect of £388k across the Council's MTFS.</p>	97	388
<p><u>Housing Benefit Subsidy</u></p> <p>The MTFS currently assumes a 99.5% 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 £1,403k 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>	351	1,403

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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>2019/20 - 0.90%</p> <p>2020/21 - 1.00%</p> <p>2021/22 - 1.10%</p> <p>2022/23 - 1.25%</p> <p>A 0.5% reduction in each of these figures would result in approximately £169k pressure on the Council's MTFS.</p>	79	169
<p><u>Borrowing Costs - Interest</u></p> <p>The MTFS includes borrowing costs (interest) amounting to £682k in 2019/20 to fund the ambitious project agenda (£6,845k across the MTFS).</p> <p>If the interest rates assumed increase by 0.5%, there will be an additional pressure of £1,245k.</p>	124	1,245
<p><u>Projects</u></p> <p>The MTFS currently assumes net income generation of £5,131k 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 £257k additional pressure on the MTFS.</p>	50	257
<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 district 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 £215k for staffing and associated supplies and services, plus around £185k capital requirements for vehicles.</p>	0	215

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<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 £786k detrimental impact on the Council's MTFS.</p>	196	786
<p><u>Industrial Unit 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 £1,969k pressure on the MTFS.</p>	492	1,969
<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 £278k per year.</p>	278	1,147
<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 (2.2% as at September 2018 which has been used to inflate the multiplier for 2019/20). The MTFS assumption for 2020/21 to 2022/23 has been set at a more prudent level of 2%.</p> <p>A 1% reduction in the CPI below the rates assumed would result in an additional pressure of £408k for the period 2020/21 to 2022/23.</p>	0	408

Scenario Planning and Sensitivity Analysis

Attachment D Appendix 5

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<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 100% of BR income above funding baseline, this would have the impact of around £1.5m 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>	N/A	N/A
TOTALS (£000s):	2,420	11,168