

Risk Area	2021 to 2022 Budget Impact £000s	2021 to 2025 MTFS Impact £000s
<p>COVID-19</p> <p>The council's budget for 2021 to 2022 includes a provision for additional costs and lost income as a result of the impact of COVID-19 continuing beyond 31 March 2021, totalling £1,173,000.</p> <p>In addition, the budget reflects an additional allocation of the COVID-19 Local Authority Support Grant from central government amounting to £872,000, which has been set aside in a reserve to call upon as costs arise.</p> <p>However, at this stage it is not known what the impact of COVID-19 will be in 2021 to 2022, or how long that impact is likely to last. For the current financial year (2020 to 2021) it is forecast that the net cost of COVID-19 will be £2,600,000 (after grants and savings). If this level of impact is replicated in 2021 to 2022 there will be an additional impact of £1,427,000 above the provision already made.</p>	1,427	N/A
<p>COVID-19 Sales, fees and charges compensation</p> <p>The budget assumes that sales, fees and charges compensation will continue for the first quarter of 2021 to 2022, in line with the November 2020 government finance settlement.</p> <p>For 2021 to 2022, sales, fees and charges compensation is currently budgeted at £220,000. The impact of this compensation not continuing beyond the first quarter is an expected pressure of around £151,000.</p>	151	N/A
<p>COVID-19 Car Park Income</p> <p>The lockdowns experienced as a result of the COVID-19 pandemic during 2020 to 2021 have understandably had an adverse effect on town centre footfall and consequently car parking income.</p> <p>A 20 per cent fall in income in the first quarter, followed by a 10 per cent fall in the second quarter, could result in an additional pressure on the council's income budgets of around £473,000. After allowing for sales, fees and charges compensation for the first quarter this would be part mitigated to a pressure of around £296,000.</p>	296	N/A
<p>COVID-19 Operational Income</p> <p>The council's budgets include a number of assumptions around operational income, for example trade and garden waste collection, grounds maintenance and leisure services and events. These were significantly affected by the COVID-19 pandemic in the 2020 to 2021 financial year.</p> <p>Assuming a 6 month recovery period for these particular income streams, the council could experience an additional gross pressure of £634,000 on its operational income budgets during 2021 to 2022. This would be part mitigated by sales, fees and charges compensation, resulting in a net pressure of around £414,000.</p>	414	N/A
<p>Pay inflation</p> <p>The council's MTFS currently assumes a 2 per cent pay inflationary increase for 2021 to 2022 onwards.</p>	237	968

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<p>An annual 1 per cent increase in pay inflation over what is already assumed in the MTFS would result in an additional £968,000 pressure on the council's finances.</p>		
<p>Employer's pensions - contribution rate</p> <p>The council's MTFS currently assumes a 32.3 per cent employer's pension contribution for all years.</p> <p>An increase of 1 per cent to the contribution rate on top of that already budgeted would result in an additional pressure of £870,000 on the council's MTFS.</p>	211	870
<p>Employer's pensions - take-up</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 2 per cent would result in an additional pressure of £585,000 across the MTFS.</p>	143	585
<p>Council tax collection</p> <p>The level of council tax receipts in the MTFS are based upon collection rates of 98 per cent for council tax and 85 per cent for the additional income generated from changes to the discounts scheme.</p> <p>A fall of 1 per cent in each of these collection rates would have a detrimental effect of £408,000 across the council's MTFS.</p>	102	408
<p>Housing benefit subsidy</p> <p>The MTFS currently assumes a 99 per cent subsidy rate for rent allowance payments and a 62 per cent subsidy rate for rent rebates within the budgets.</p> <p>A 1 per cent reduction in these subsidy rates for the council for each year would result in an additional £1,114,000 pressure on the council's MTFS position.</p>	291	1,114
<p>Interest receipt rates</p> <p>The council's current assumption around interest receipts is 0.25 per cent for each year of the MTFS.</p> <p>A 0.25 per cent reduction would result in approximately £180,000 pressure on the council's MTFS.</p>	45,000	180,000

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<p>Homeless Prevention and Rough Sleeping Grants</p> <p>The council’s budgets currently assume a continuation of the Homeless Prevention and Rough Sleeping Initiative Grants across the term of its MTFS. These grants provide a significant source of funding as part of the council’s approach to homelessness and rough sleeping, and the reduction or discontinuation of either of these would result in additional financial pressures on the overall budget position.</p> <p>At the time of writing the Homeless Prevention Grant has been confirmed for 2021 to 2022, and assumptions totalling just under £2 million are included from 2022 to 2025. The council is yet to receive confirmation of the Rough Sleeping Grant, and has assumed £1.8 million for the full term of the MTFS.</p>	0	3,769
<p>Borrowing costs - interest</p> <p>The MTFS includes borrowing costs (interest) amounting to £2,160,900 in 2021 to 2022 to fund the ambitious project agenda (£8,569,800 across the MTFS).</p> <p>If the interest rates assumed increase by 0.5 per cent, there will be an additional pressure of £1,646,000.</p>	415	1,646
<p>Operational capacity - waste and street scene</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 £216,000 a year for staffing and associated supplies and services, plus around £250,000 one-off capital requirements for vehicles.</p> <p>It is anticipated that the service can accommodate growth in the district for 2021 to 2022, so the potential MTFS impact has been assessed based on 2022 to 2025, that is for 3 years.</p>	0	648
<p>Planning income</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 per cent, this would have a £748,000 detrimental impact on the council’s MTFS.</p>	186	748

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<p>Land Charges income</p> <p>With effect from 2022/23, the Local Land Charges 1 (LLC1) search income will be transferred to Her Majesty's Land Registry (HMLR), although the work required to produce the information will remain with West Suffolk Council.</p> <p>It is anticipated that this could result in a 20 per cent reduction in Land Charges income, which would create an additional £175,000 pressure on the council's MTFS.</p>	0	175
<p>Contract price rises</p> <p>The council's MTFS currently allows for no inflationary increase in respect of inflationary rises or indexation in respect of certain contracts, for example facilities management.</p> <p>Allowing a 5 per cent price increase would result in an additional pressure of around £149,000 across the council's MTFS.</p>	21	149
<p>Industrial unit rental income</p> <p>The council's MTFS currently allows for no inflationary increase in industrial unit and shop rental income.</p> <p>If income from rents falls by 10% this would put an additional £2,187,000 pressure on the MTFS.</p>	547	2,187
<p>Business rate retention - amount collectable</p> <p>The business rates retention scheme commenced from 1 April 2013. Under the 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 per cent decrease in the business rates collectable across the district would result in additional pressure on the MTFS of around £290,000 per year.</p>	290	1,170
<p>Business rate retention - multiplier</p> <p>The business rate retention multiplier is set centrally and is increased annually by the September CPI figures (0.55 per cent as at September 2020). The MTFS assumption for 2022 to 2025 has also been set at 0.55 per cent.</p> <p>A 0.5 per cent reduction in the CPI below the rates assumed would result in an additional pressure of £231,000 for the period 2022 to 2025.</p>	0	231

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<p>Business rate retention - post 2022</p> <p>The MTFS currently assumes a cost neutral position in 2022 to 2023 when local government is expected to be given 75 per cent retention of business rates. However, this is untested and will continue to be monitored. If the rebaselining and 75 per cent retention resulted in a loss of all business rate income above funding baseline, this would have the impact of around £1,500,000 in 2022 to 2023 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 business rate income. However, medium term plans would have to be reviewed.</p>	N/A	4,500
<p>Business Rate Retention - material change in circumstances</p> <p>COVID-19 has had a detrimental impact on the trading ability of businesses across both West Suffolk and nationally. Many of these businesses have lodged appeals against their business rates valuations based on a material change in circumstances. The Valuation Office are considering whether to allow these appeals and the outcome is as yet unknown. If the appeals are allowed there will be an impact on the council's business rates income yet to be quantified.</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 business rate income. However, medium term plans would have to be reviewed.</p>	N/A	N/A
TOTALS (£000s):	47,443	194,668