

= current assumption built into MTFP

Non-pay inflation

The base assumption is non-pay inflation of 6.5% in 2024/25. A 1% increase costs £0.548m.

Non-pay inflation assumption	4.50%	5.50%	6.50%	7.50%	8.50%	9.50%	10.50%
Cost (£000)	4,790	5,338	5,886	6,434	6,982	7,530	8,078
Additional / (reduced) cost from current MTFP (£000)	(1,096)	(548)	0	548	1,096	1,644	2,192

Pay inflation

The base assumption is pay inflation of 3%. Each percentage point costs £0.542m assuming AfC and Optalis mirror this .

Pay inflation	1%	2%	3%	4%	5%	6%	7%
Cost (£000)	542	1,084	1,626	2,168	2,710	3,253	3,795
Additional / (reduced) cost from current MTFP (£000)	(1,084)	(542)	0	542	1,084	1,627	2,169

Fees & charges

The base assumption is fees & charges are uplifted by 5%. Each additional 1% generates £0.276m of income assuming demand remains unchanged.

Fees & Charges inflationary increase	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%
Income generated (£000)	(551)	(826)	(1,102)	(1,377)	(1,653)	(1,928)	(2,204)
(Additional) / reduced income from current MTFP (£000)	(826)	(551)	(275)	0	276	551	827

Council Tax

The base assumption is a Council Tax increase of 2.99%. Each 1% of Council tax generates £0.884m of income.

CTAX increase (%)	0%	1%	2.99%
Income generated (£000)	(91,082)	(91,966)	(92,851)
Cost (£000)	1,769	884	0

Bank of England base rate

This rate impacts on borrowing costs and investment returns. The base assumption is 6%, but each 1% increase costs £0.509m.

Bank of England base rate	5.50%	6%	6.50%
Net interest costs (£000)	9,212	9,721	10,230
Additional / (reduced) cost from current MTFP (£000)	(509)	0	509