

Table 1 below demonstrates the potential impact on a further drop of applicants from the EU. The budget presented is based on the likely scenario as we anticipate registrants won't want to resign and also those joining will want to join until further clarity is provided by Government in relation to the exit from the EU. Below assumes a break even budget as it is anticipated that any surplus funds will be held in reserves to meet the Boards reserves policy. There would be sufficient operating reserves to cover the two highly unlikely scenarios during 2019.

Table 1 – Impact of drop in income.

| Scenario | Loss of Income £ | Budget surplus (Deficit) £ | Fee Increase £ | Likelihood |
|---|---------------------|----------------------------------|-------------------|------------------------------|
| All EU remain on the register | - | | | |
| New EU applications per forecast | - | | | |
| Loss of income | - | 0 | n/a | Likely |
| All EU remain on the register | 0 | | | |
| No new EU applications | 62,578 | | | |
| Loss of income | 62,578 | (62,578) | n/a | Possible |
| 50% Loss of EU registered less than 5 years | 205,761 | | | |
| No new EU applications | 62,578 | | | |
| Loss of income | 268,339 | (268,339) | 7.19 | Unlikely but possible |
| Loss of 50% of EU from the Register | 378,941 | | | |
| No new EU applications | 62,578 | | | |
| Loss of income | 441,518 | (441,518) | 12.36 | Unlikely |
| Loss of EU registered less than 5 years | 411,522 | | | |
| No new EU applications | 62,578 | | | |
| Loss of income | 474,100 | (474,100) | 13.39 | Highly unlikely |
| Loss of all EU from the register | 757,881 | | | |
| No new EU applications | 62,578 | | | |
| Loss of income | 820,459 | (820,459) | 25.50 | Highly unlikely |

Table 2 – Data above forecast based on

| | |
|--|--------|
| EU Nationals on the Register | 8,253 |
| EU Nationals (non UK) residing in the UK | 7,083 |
| New EU applications | 550 |
| Registered less than 5 years | 3,846 |
| Total Register - forecast 2019 | 39,814 |

Table 3 – 3 Year Forecast – Per Proposed Budget

| 3 Year Forecast | 2018 Budget | 2018 Fcast | 2019 | 2020 | 2021 |
|---|----------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Operational expenditure | 4,269 | 4,368 | 4,392 | 4,502 | 4,621 |
| Investment Income/Corporation tax | (11) | (40) | (42) | (42) | (42) |
| Capital/one off | 310 | 310 | 310 | 310 | 310 |
| Non annual retention income | (556) | (542) | (552) | (552) | (552) |
| Net costs, prior to retention fee & reserves | 4,012 | 4,096 | 4,108 | 4,218 | 4,337 |
| (To)/From Reserves | 27 | (23) | 79 | 20 | 20 |
| Net costs, prior to retention fee | 4,039 | 4,073 | 4,187 | 4,238 | 4,357 |
| Annual retention fee income | 4,115 | 4,149 | 4,340 | 4,340 | 4,340 |
| (Surplus)/Defecit | (76) | (76) | (153) | (102) | 17 |
| Additional fee income required | - | - | - | - | 17 |
| Potential fee increase | | | | £0.00 | £0.43 |
| Fee | £107.00 | £107.00 | £109.00 | £109.00 | £109.43 |

Table 4 - If we were to fund the title work requested in Agenda item 6 and no other changes occurred we would utilise the operating reserves and re-build over 2 years.

| 3 Year Forecast | 2018 Budget | 2018 Fcast | 2019 | 2020 | 2021 |
|---|----------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Operational expenditure | 4,269 | 4,368 | 4,392 | 4,502 | 4,621 |
| Title work | 0 | 0 | 95 | 90 | 0 |
| Investment Income/Corporation tax | (11) | (40) | (42) | (42) | (42) |
| Capital/one off | 310 | 310 | 310 | 310 | 310 |
| Non annual retention income | (556) | (542) | (552) | (552) | (552) |
| Net costs, prior to retention fee & reserves | 4,012 | 4,096 | 4,203 | 4,308 | 4,337 |
| (To)/From Reserves | 27 | (23) | 79 | 20 | 20 |
| Rebuild operating reserves | | | 49 | 95 | 90 |
| Net costs, prior to retention fee | 4,039 | 4,073 | 4,331 | 4,423 | 4,447 |
| Annual retention fee income | 4,115 | 4,149 | 4,340 | 4,340 | 4,340 |
| (Surplus)/Defecit | (76) | (76) | (9) | 83 | 107 |
| Additional fee income required | - | - | - | - | 107 |
| Potential fee increase | | | £2.16 | £2.21 | £2.21 |
| Fee | £107.00 | £107.00 | £109.16 | £111.37 | £113.58 |

Table 5 - Funding title work as proposed in Agenda item 6, by a further fee increase of £2.00

| 3 Year Forecast | 2018 Budget | 2018 Fcast | 2019 | 2020 | 2021 |
|---|------------------------|-----------------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Operational expenditure | 4,269 | 4,368 | 4,392 | 4,502 | 4,621 |
| Investment Income/Corporation tax | (11) | (40) | (42) | (42) | (42) |
| Capital/one off | 310 | 310 | 310 | 310 | 310 |
| Non annual retention income | (556) | (542) | (552) | (552) | (552) |
| Net costs, prior to retention fee & reserves | 4,012 | 4,096 | 4,108 | 4,218 | 4,337 |
| (To)/From Reserves | 27 | (23) | 79 | 20 | 20 |
| Rebuild operating reserves | | | 0 | 0 | 0 |
| Net costs, prior to retention fee | 4,039 | 4,073 | 4,187 | 4,238 | 4,357 |
| Annual retention fee income | 4,115 | 4,149 | 4,340 | 4,340 | 4,340 |
| (Surplus)/Defecit | (76) | (76) | (153) | (102) | 17 |
| Additional fee income required | - | - | - | - | 17 |
| Potential fee increase | | | £4.00 | £0.00 | £0.43 |
| Fee | £107.00 | £107.00 | £111.00 | £111.00 | £111.43 |

Potential fee increase in addition to the above projections in re-building reserves back to the agreed levels over a 5 year period depending on the timing and costs of the unknowns!

| To Build | Annual Fee Increase (5yrs) |
|-----------------|---|
| £ | £ |
| 50,000 | 0.25 |
| 100,000 | 0.50 |
| 150,000 | 0.75 |
| 200,000 | 1.00 |
| 250,000 | 1.26 |
| 300,000 | 1.51 |
| 350,000 | 1.76 |
| 400,000 | 2.01 |