

Agenda Item 14	Appendix
Assumptions used in the creation of the Draft MTFP for Consultation	1

ASSUMPTIONS USED IN THE CREATION OF THE DRAFT MTFP FOR CONSULTATION

1. The MTFP includes the gainshare grant allocation of £8m revenue and £12m capital each year. This has been cash flat since 2017.
2. Assumed Council tax remains at the current level (£36 for a Band D equivalent)
3. New project ideas come through SAF process and can be done independently of the MTFP cycle provided that funding can be identified.
4. Pay inflation is estimated as 3.5% per annum from 2026-27.
5. Allowance has been made for incremental pay drift.
6. Non-pay inflation: At contractual or assumed rates using range of specific inflation indices
7. New house building leads to Council Taxbase increase of 1.4% per annum.
8. Only reasonably secured income included noting that some elements may be subject to final award (e.g. grant for Careers and Enterprise Company, Growth Hub, Adult Skills Fund (was Adult Education Budget and Bus Grants)).
9. No borrowing outside bus reform (see below) to fund the Capital programme.
10. Where income sources reduce or end then the associated costs, including staffing costs, are reduced in line with the changes.
11. General Reserves (excluding passenger transport) held at a consistent level as set in the 2025-26 MTFP reflecting the relative certainty of revenue expenditure in non-transport areas.
12. Programme and Corporate Response Funds of £1.435m each year from 2026-27.
13. Treasury management income reduces from £8.6m in the current year to £3.8m in 2026-27, £2.1m in 2027-28 and to £1.3m by 2029-30 reflecting anticipated reductions in cash volumes and interest rates.
14. Treasury forecasts based on cash flow forecast and OBR interest rate projections
15. The capital programme has committed known discretionary resources until 2030/31.
16. Includes central/corporate efficiency target, which rises from £100k in current year to £200k in both 2026-27 and 2027-28.
17. No assumption of a future Integrated Settlement made, but current steer from MHCLG is that receipt of an Integrated Settlement would reduce ringfences and bureaucracy in relation to current grants and would not change the quantum of funding.
18. £600k has been set aside in 2026-27 and 2027-28 respectively to fund free parking offers, enabled by short-term treasury management surpluses.
19. No assumptions from the recent announcement regarding the abolition of the Police and Crime Commissioner by 2028, and its inclusion as a Mayoral responsibility together with the Fire Service. Further details are awaited on this and will be brought forward in a timely manner.

PASSENGER TRANSPORT SPECIFIC

20. Assumed costs and revenues associated with the decision to franchise are included but, pending the results of the independent review, implementation of the franchised network is now expected from 2028-29.
21. Tiger Pass options beyond the current year are being developed in parallel with the MTFP, current assumptions are that grant funding for bus services will continue and that this will enable a continued £3m p.a. budget to be allocated for the Tiger Pass, but this will be updated following funding announcement and the Board's future decisions.
22. Service reserve for bus service operations, established in light of uncertainty relating to bus franchising, to be reassessed following the independent review.
23. The Transport Levy is to recover after the one-off £313k decrease in 2025-26 and then be increased by 4% for 2026-27 and 2027-28 then 2% for the remainder of the MTFP.