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Assumptions used in the creation of the Draft MTFP for Consultation	**1**

ASSUMPTIONS USED IN THE CREATION OF THE DRAFT MTFP FOR CONSULTATION

General Assumptions

1. The MTFP now assumes that the gainshare grant of £20m, and Mayoral Capacity Funds will be replaced with business rates retention from 2027/28.
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: 3.5% pa from 2027-28.
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% pa.
8. Only reasonably secured income included noting that some elements may be subject to final award (e.g. grant for Careers and Enterprise Company, Adult Skills Fund, etc). Assumptions made regarding base grant funding continuing into future.
9. No borrowing outside bus franchising (see below) to fund Capital programme.
10. Where income sources reduce or end then the associated costs, including staffing costs, are reduced in line with the changes.
11. Correspondingly, where new responsibilities are expected the resource implications will be modelled taking into account whether new burdens funding is forthcoming or whether further efficiencies or savings are required to remain within available resources.
12. Non-recurring MCF grant allocations of £4.7m for MSA capacity needs have been profiled across the 4 years of MTFP to assist delivery of new priorities. The actual profiling may change as requirements are better understood.
13. General Reserves (excluding passenger transport) held at a consistent level as set in the 2026/27 MTFP reflecting the relative certainty of revenue expenditure in non-transport areas for 2027/28.
14. Treasury management income reduces from £9.612m in the current year to £4.614m in 2027-28, £ 2.371m in 2028-29, £1.768m in 2029-30 and £1.734m in 2030-31 reflecting anticipated reductions in cash volumes and interest rates. This may change further as grants are replaced with tax retention and the change in payment profiles.
15. Treasury forecasts based on cash flow forecast and Treasury Advisor's interest rate projections

Passenger Transport Specific

16. Assumed costs and revenues associated with the decision to franchise have been updated to reflect the Strategic Delivery Plan timelines.
17. Any overachievement of treasury management income will be ringfenced to support passenger transport transition funding requirements.
18. Fleet acquisition costs for Peterborough Depot fleet have been included, including capital expenditure and borrowing costs.
19. The element of the Mayoral Transport Settlement equivalent to the LA Bus Capital Grant is assumed to be applied to capital expenditure within the franchising delivery plan.
20. Tiger Pass options beyond the current year are to be determined, noting also risk on £2 fare cap.
21. Income from the current Mayoral precept continues to be ringfenced for passenger transport.
22. Transport levy increased by 4% for 27/28 then 2% p.a. in other years, with 1% Tiger Pass uplift maintained from 26/27.

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Fiscal Devolution and Organisational Change

23. No assumption of future Integrated Settlement included. Current steer from MHCLG is that devolution of income tax and baseline review may supersede integrated settlement arrangements.
24. Business Rates retention confirmed by MHCLG and assumed in MTFP from Apr 2027.
25. Income Tax retention confirmed for April 2028, but details not currently known so this is not reflected in the MTFP.
26. As new responsibilities are announced the MTFP narrative will be updated and the budget tables when the financial impact is confirmed (e.g. additional SDS funding, Rough Sleeping/Homelessness grants, etc).
27. The Combined Authority will be taking on Police and Fire responsibilities from April 2028. Work is underway to enable this transition, and further details will be brought forward in a timely manner, but the financial implications are not expected to be complete for inclusion in the 2027/28 MTFP.
28. Autumn budget announcements are not yet included where detailed allocations are yet to be announced.
29. The Combined Authority will be taking on Police and Fire responsibilities from April 2028. Work is underway to enable this transition, and further details will be brought forward in a timely manner, but the financial implications are not expected to be complete for inclusion in the 2027/28 MTFP.