

<b>Agenda Item 11</b>	<b>Appendix</b>
<b>Assumptions used in the creation of the Draft MTFP for Consultation</b>	<b>1</b>

### **ASSUMPTIONS USED IN THE CREATION OF THE DRAFT MTFP FOR CONSULTATION**

1. MTFP based on current budget including current gainshare
2. Assumed Council tax remains at the current level (£36 for a Band D equivalent), noting that the Mayor is proposing to seek views on whether to maintain the Precept at this level or apply an uplift of 4.99% (in line with the maximum for upper tier transport authorities) resulting in a Band D equivalent of £37.80.
3. New project ideas come through SAF process, outside MTFP cycle.
4. Pay inflation: 4% in 2025-26 then 3% pa 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 1.7% pa.
8. Only secured income included, but grants held back assumed to be released (but see below under point 15)
9. No borrowing outside bus reform (see below) to fund Capital programme
10. Where income sources reduce/end staffing costs are reduced in line at same time
11. General Reserves (excluding passenger transport) built in at 2% of year 1 revenue expenditure (reflecting relative certainty of revenue expenditure)
12. Programme and Corporate Response Funds for unexpected requirements of £1.435m each year from 2025-26.
13. Assume the Programme Response Fund allocated out to one off spend as intended.
14. Continuous improvement part of BAU so no dedicated Improvement Programme funding after 2024-25.
15. Treasury Management Funds forecast to total £9.5m this year with surplus allocated to transport service reserve.
16. Treasury management income reduces to £4.4m in 2025-26, £1.5m in 2026-27, £0.95m in 2027-28 and 2028-29 reflecting anticipated reductions in cash volumes and interest rates.
17. Treasury forecasts based on cash flow forecast and OBR interest rate projections
18. Overprogramming on capital programme to reflect potential slippage from issues outside CPCA control. Set at 5.2% of programme gross budget 2024-2029 and 8.6% of programme controllable budget 2024-29 (excluding highways grants passported to highways authorities)
19. MTFP includes central/corporate efficiency target from 2025-26 (£100k in 2025-26 rising to £200k pa from 2026-27 onwards) (£500k cumulative saving total)

### **Passenger Transport specific**

20. Assumed costs and revenues associated with the decision to franchise are included. While not predetermining the outcome, this is in-line with the preferred option of the OBC approved by the Combined Authority Board.
21. Income from the current Mayoral precept continues to be ringfenced for passenger transport.
22. Expenditure and service income/grants taken from approved Bus Reform OBC resulting in future year's gap (as no Council Tax increases have been assumed).
23. Tiger Pass, and associated funding is extended beyond May 2025.
24. Service reserve for bus service operations created from forecast underspends in 2024/25 totaling £5.7m.
25. Transport levy from Cambridgeshire County Council and Peterborough City Council increases by 2% pa in 2025-26, 4% pa in 2026-27 and 2027-28 then 2% in 2028-29.
26. Bus Service Improvement Programme+ grant does not continue after 2024-25.
27. No funds received from Greater Cambridge Partnership.