

**MTFP Planning Assumptions – February 2020****Cost Pressures and Inflation Assumptions**

1.1 Cost pressures currently included in the MTFP are detailed in Table 1.

**Table 1 Budget Pressures 2021/22 – 2024/25**

<b>Budget Pressures by Category</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Total £m</b>
Demography	2.754	2.658	2.662	2.689	10.763
Demand - New	0.165	0.000	0.000	0.000	0.165
Demand - Other	1.217	0.000	0.000	0.000	1.217
Legislative	0.150	0.000	0.000	0.000	0.150
Policy Choice	(0.015)	0.000	0.000	0.000	(0.015)
Unidentified Pressures	1.500	1.500	1.500	1.500	6.000
<b>Total Ongoing Service Pressures</b>	<b>5.771</b>	<b>4.158</b>	<b>4.162</b>	<b>4.189</b>	<b>18.280</b>

1.2 These will be refreshed in September when the impact of COVID-19 has become clearer. The Cabinet and Corporate Leadership Team will continue to critically evaluate new and existing cost pressures, with the aim of reducing them wherever possible. Further scrutiny of these pressures will be undertaken by the Budget and Resources Scrutiny Committee in the Autumn.

1.3 General inflation assumptions and contractual inflation for the larger contracts currently included in the MTFP are detailed in Table 2. These will be refreshed in the Autumn and updated in the December draft budget.

**Table 2: Contractual Inflation Assumptions 2021/22 – 2024/25**

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>General</b>				
Pay Inflation	2.00%	2.00%	2.00%	2.00%
General Non-Pay Inflation*	0.00%	0.00%	0.00%	0.00%

	2021/22	2022/23	2023/24	2024/25
Fees & Charges Inflation (July CPI)	2.00%	2.00%	2.00%	2.00%
<b>Contractual</b>				
SERCO – Waste Collection, Street Cleansing, Food & Garden Waste (DTI Indices)	3.06%	3.06%	3.06%	3.06%
SERCO – Landscape - DTI Indices	3.04%	3.04%	3.04%	3.04%
Ringway - highways works	5.71%	5.71%	5.71%	5.71%
Ringway - street lighting works	6.18%	6.18%	6.18%	6.18%
Excel Care	3.03%	3.03%	3.03%	3.03%
Extracare	3.53%	3.53%	3.53%	3.53%

\* assumes must be contained within existing budgets