Yorkshire Dales National Park Authority **Item 7**

Finance & Resources Committee

19 May 2026

Budget Update 2026/27

Purpose of report

1. To provide Members with the final position on our Defra grant funding for 2026-27, and to seek approval for planned additional capital expenditure this year.

Recommendation

2. That Members note the update and approve the capital expenditure proposals for 2026/27 in **Annex A** and note the arrangements for managing the Wildlife-Rich Habitat Fund in **Annex B**.

Strategic Planning Framework

3. The information and recommendations contained in this report are consistent with the Authority's strategic planning framework, and in particular:

    - **Corporate Plan objective 30**:
      Plan and manage the Authority's work so as to make the most effective use of its resources.

Background

4. The Authority approved the Medium-Term Financial Plan (MTFP) at its meeting on 31 March 2026. However, due to the late timing of some of the financial announcements from Defra, there were two significant parts of the budget that were incomplete:

    a. Core Capital Grant – confirmation of the capital grant was only received in March and – at £1.569m – was £429k higher than our working assumption. The late confirmation of the funding meant there was an unallocated Capital balance of £1.3m**.**

    b. Defra officials had indicated that there would be an allocation to all National Park Authorities and National Landscape bodies through the 'Wildlife-Rich Habitat' Fund. The indicative allocation for this Authority was £950k but the final allocations had not yet been confirmed so the expenditure and income could not be included in the budget approved by Members.

5. The report in March explained that officers were carrying out an exercise to ensure the 'unallocated' capital would be spent in-year. This involved two elements:
    a. identifying elements of the existing revenue budget that could be reclassified as Capital; and,
    b. developing proposals for new Capital projects that could be completed within the year – using both the core Capital Grant, and the new Wildlife-Rich Habitat Fund.

6. Further details on both these matters would be brought to this meeting.

Final Settlement

7. We now have the definitive figures from Government for our Defra funding. The addition of the Wildlife Rich Habitat Fund takes the Authority's starting gross income for 2026-27 to £14.9 million, and gross expenditure to £13.6 million. The difference between these figures reflects the one-off revenue payment of £1.72m in 2026/27 that will be used to fund the projected revenue deficits across the next three years. When the carry forwards (£659,000 - see item 5) and other external project income secured in recent weeks are added, this will take projected gross expenditure to £14.5m.

Additional Capital Grant Allocations

Core Capital Grant

8. When this year's capital grant funding was confirmed, Defra asked National Park Authorities to consider how the funding could be used to:
    a. make land greener, wilder, and more accessible to all, and;
    b. increase the contribution that protected landscapes are making to Environment Act and EIP targets, measured through the Protected Landscapes Targets and Outcomes Framework (a summary of these targets is in **Annex C**)

9. Fortunately, the Targets and Outcomes Framework was explicitly considered and reflected in our new National Park Management Plan objectives. This makes reporting relatively simple: we will be supporting Defra's priorities if we fund things that help to meet almost any of the Management Plan objectives for 'Finest Wildlife'; 'Climate Mitigation; 'Welcoming Place' or 'Cultural Landscape'.

10. In developing proposals for investment in 2026-27, officers have been mindful of this steer from Defra (which would, in any event, mean increasing spend on things that Members have already identified as priority programmes) but also the need still for a degree of pragmatism given the lateness of the funding confirmation. So, in addition to assessing how a project would contribute to Defra's and YDNPA's priorities, officers have also had regard to:

a. Value for money (including any external funding leveraged).
b. The level of risk (i.e. whether the project can complete within the year)
c. Wider corporate resource impacts (e.g. on staff in other Sections, legal work, contracts, recruitment etc).

11. The list of additional proposed capital projects for 2026/27 is set out in **Annex B**. The list has been grouped by National Park Management Plan objective. Members should note that the proposals include:

    a. Projects and staff costs already approved from the revenue budget that can be capitalised (£520,100);

    b. An initial reserve of projects (one so far) that are s directly in the Authority's control and relatively easy to complete, and which can be activated late in the year if a likely underspend is identified;

12. The proposals would mean that we would be slightly over-committed. We believe it sensible to over-commit initially, and officers will continue to work to identify further reserve projects that could be brought forward if some projects underspend.

Wildlife-Rich Habitat Fund

13. The Wildlife-Rich Habitat Fund has been established by Defra to support the creation of new, 'wildlife-rich' habitat in Protected Landscapes (in line with the national target in the Environmental Improvement Plan. The £10m of funding has been allocated using a similar formula to that used for FiPL. As a result, YDNPA will receive £958,000 in 2026/27.

14. Further details of how the funding is to be used are set out in the extracts from the Defra guidance at **Annex B**. Projects should be agreed at Senior Officer (Director) level. As this is further capital funding, all projects must be fully delivered and spent within the relevant financial year. However, Defra has confirmed that similar levels of funding will be available in 2027/28 and 2028/29 enabling a phased programme of habitat restoration and enhancement. A first application window will close on 30 June, with a second and final window closing on 31 August, allowing partners sufficient opportunity to bring forward high quality, deliverable projects.

Financial Implications

15. The financial implications are set out in the body of the report,

Legal Implications

16. None.

Equality, Diversity and Inclusion Implications

17. An Equality Impact Assessment has been completed for the budget and the proposals it describes, with specific reference to the protected characteristics prescribed by the Equalities Act 2010. This assessment concluded that the proposals have no adverse impact with respect to equalities.

Conclusion

18. The proposals here represent a further significant increase in the funding available to invest in the National Park. Together with the programme of work set out under Item 6, the additional capital projects identified here, and the Wildlife-Rich Habitat Fund, will make for a very intense year of activity. However, the opportunity to plan and prepare for future years should mean we can concentrate our spending even more on YDNPA priorities that also meet the Government's priorities but also make it easier to get the money spent by year end. Members will have an opportunity to start to shape this longer-term programme of investment at the Policy Development Forum on 2 June.

Gary Smith
Acting Chief Executive

Michelle Clyde
Treasurer

Capital Expenditure 2026/27

Total Capital Grant 26/27	**£1,685,649**
Projects already approved in the budget	£333,100
Miscellaneous minor capital items (already in budget)	£110,000
Capitalisation of existing staff costs	£77,000
Total existing capital	**£520,100**

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No	Project	Estimated Cost	NPMP Obj	YDNPA Priority	PLTOF target	Programme
1	Semerwater SSSI Restoration - remove phosphates (test)	£46,370	1.1	1	2	Farm Conservation
2	Pond creation/enhancement - 10 per year	£115,000	1.7	1	1	Wildlife
3	Cumbria road verges - equipment purchase	£102,000	1.7	1	1	Wildlife
4	Regenerative farming transition support	£70,000	2.1	1	6	Farm Conservation
5	Woodland Task Force equipment	£50,000	2.3	1	8	Trees & Woods
6	Snaizeholme - native woodland	£105,000	2.3	1	8	Trees & Woods
7	Yoredale - additional EV charger	£5,000	2.5	c	6	Estates
8	Gammersgill Stepping Stones	£18,000	3.1	1		RoW
9	Dandra Garth	£5,000	3.1	1		RoW
10	PROW Asset Management System software	£60,000	3.1	1		RoW
11	Replacement footbridges	£60,000	3.1	1	9	RoW
12	Airton Clapper Bridge, Pennine Way	£6,000	3.2	2		RoW
13	Young Rangers Kit Bags	£1,500	3.4	2	9	Volunteers
14	Farm Building Dark Skies lighting	£55,000	4.2	2		Farm Conservation
15	Dark skies light meters	£5,000	4.2	2		Tourism
16	Linton Clapper Bridge (building at Risk) restoration	£45,000	4.3	2	10	Building Conservation

17	Traditional boundaries restoration	£140,000	4.4	1	1	Farm Conservation
18	Traditional farm building restoration	£110,000	4.4	2	0	Barns & Walls
19	Augmented reality sandboxes x 3 NPVCs	£15,000	5.6	3	0	NPVCs
20	Further development of Active Dales website	£37,050	6.6	1	0	Comms
22	Meeting Room upgrades	£8,000		Corporate		Estates
23	Upgrade Monitors	£18,000		Corporate		IT
24	Digital Notice board/Sign in for Yoredale and Colvend	£5,000		Corporate		HR/reception
25	Wifi upgrades at NPCs	£2,500		Corporate		IT
26	Aysgarth toilet total refurb	£38,000		Corporate		Car parks & Toilets
27	Teams room/Presentation Screen DCM	£9,500		Corporate		IT
28	Greener Resilient Car Parks	£30,000		Corporate		Car parks & Toilets
29	Land management survey equipment	£14,000		Corporate		Farm Conservation
	Total Proposed Capex	**£1,175,920**				
	Over-committed	**(£10,371)**				
27	Plant replacement 27/28 can be brought forward	£26,000	0	1	0	RoW
	Total reserve projects	**£26,000**				

Delivering the Wildlife-Rich Habitat Funding

Guidance for FiPL Officers and PL teams

1. Introduction

1.1 Purpose of this Guidance

This document provides operational guidance for FiPL/PL officers delivering the Wildlife-Rich Habitat Fund (WRHF), a ring-fenced funding allocation designed to accelerate the creation of wildlife-rich habitat within protected landscapes (PLs). It explains how this funding differs from FiPL funding and how it interacts with other schemes.

To reiterate, this document details how this fund will differ from FiPL – if you cannot find guidance that you are looking for, then it's likely standard FiPL rules apply, and you should refer to the FiPL guidance.

1.2 Background

The WRHF supports national commitments including:

- The Environment Act habitat target: To create or restore at least 500,000 hectares of a range of wildlife-rich habitats outside of protected sites by 2042, with an interim target of a total of 250,000 hectares by 2030.
- The 30by30 target: To effectively conserve and manage 30% of England's land by 2030.
- The Protected Landscapes Targets and Outcomes Framework: Restore or create more than 250,000 hectares of a range of wildlife-rich habitats within Protected Landscapes, outside protected sites by 2042.

The WRHF will support delivery of the Environmental Improvement Plan and Local Nature Recovery Strategies (LNRS).

1.3 How this fund differs from FiPL

Fund feature	Standard FiPL	WRHF
Funding origin	Farming Directorate.	National Biodiversity Division.
Focus	Supports nature, climate, people and place outcomes.	Ringfenced for wildlife-rich habitat creation outside of protected sites. See below for definitions of wildlife-rich habitat
Beneficiaries	Important that funding directly benefits or involves farmers.	Does not need to directly benefit or involve farmers. PLs or eNGOs can use funding without farmer involvement.
Relationship with agri-environment schemes	Projects must add value to agri-environment schemes and cannot replicate funding like-for-like.	Ideally projects should add value, but it may be appropriate for some projects to replicate agri-environment activities.

Payment schedule	For capital, payment on completion of works.	Staged payments accepted on completion of discrete project activities, for example: - Payment 1, after completion of baseline ecological surveys. - Payment 2, after completion of fencing. - Payment 3, after completion of wetland creation works.
Assessment	Projects over £10,000 are assessed by Local Assessment Panels.	All projects are assessed by senior leaders in your PL organisation. It is the responsibility of the PL to assign this person(s).
Maximum Project Amount	Maximum suggested grant size is £250,000 (some PLs have set a lower threshold).	No maximum grant size.
Protected Sites	No restriction of funding WRH activity on protected sites (SSSIs SACs, SPAs and MCZs.)	Funding must only be applied to areas outside protected sites.

Aside from the above deviations, guidance set out in the National Framework will apply alongside the FiPL documentation e.g. application form and onward agreement.

1.4 How this funding works alongside other funding streams

As per the FiPL process, consideration must be given to the most appropriate source of funding for the applicant/area. There are several farming schemes and programmes that will fund actions for habitat restoration and creation for farmers and land managers to choose from. You must encourage farmers and landowners to consider which grant scheme will be most suited to them and their specific circumstances. When funding through WRHF, ideally projects should add value although it may be appropriate for some projects to replicate agri-environment activities.

Land managers will still be eligible for Countryside Stewardship (CS), however there is no guarantee that they can enter any scheme following completion of the work. Work funded through WRHF must be completed before eligibility for any maintenance payments if they are accepted into CS. This is the same as for FiPL.

1.5 Land purchase

The WRHF is not intended to fund land acquisitions. The PL core capital funding can support land purchase. If you've suggested using WRHF for land purchase, we recommend considering core capital funding. Following purchase, WRH funding can be used to pay for the necessary actions to establish WRH.

What Counts as Wildlife-Rich Habitat Creation

Definition

Wildlife-rich habitat creation refers to establishing new habitat of a type listed in TIN219. Wildlife-rich habitat must be a priority habitat or a Schedule 1 habitat that is of "sufficient quality" which means it is capable of supporting the typical flora and fauna associated with that habitat type.

For FiPL purposes, WRHF must:

- Increase the extent of wildlife-rich habitat (not improve or maintain condition).
- Deliver actions that are sufficient for the relevant habitat type to develop.
- Follow the definitions and desired outcomes in Table 2 of TIN219

Once the sufficient actions are underway so there is confidence that the wildlife-rich habitat will be established, the works can count towards the habitat target. This recognises that recovery as a response can be ongoing.

Routes that qualify as Wildlife-Rich Habitat Creation

1. *Creation on land where wildlife-rich habitat is absent.*

Creation applies where actions establish a wildlife-rich habitat on land that is currently not a wildlife-rich habitat type.

2. *Creation via restoration of degraded habitat ("restoration-as-creation")*

Only the below types of habitat can be considered degraded habitats and therefore qualify for restoration. These are habitats that no longer support the typical flora and fauna expected for that habitat type due to pressures such as altered hydrology, pollution, nutrient loading, invasive non-native species, or inappropriate vegetation structure. Eligible degraded habitats include:

- Any existing habitat on drained peat where hydrological restoration is required to restore peatland wildlife-rich habitat.
- Coastal floodplain grazing marsh even when not on peat, where it is being restored to a wetland habitat.
- Freshwater, coastal and estuarine habitats affected by pollution, hydrological modification, physical damage, or INNS where sufficient action is taken to address these pressures
- Woodlands with less than 70% native canopy, where canopy reduction of non-native species is required to establish a woodland with at least 70% native canopy (including PAWS restoration)
- Terrestrial semi-natural habitats behind sea defences where actions restore coastal processes such as saline inundation or managed realignment.
- Habitat listed in Schedule 1 that Biodiversity Net Gain has assessed as "medium distinctiveness" and not in good condition, where the project will restore it to a priority habitat.

Eligible Habitat Types

FiPL can fund the creation of only those habitat types listed in Table 2 of TIN219. These include Priority Habitats and Schedule 1 habitats that should be expected to reach sufficient quality. Officers must check habitat definitions and desired outcomes directly against Table 2 in TIN219.

PL are asked to prioritise projects that will deliver wildlife-rich habitat types that have been historically under delivered. The 2025 evidence report shows that heathland, ponds, and traditional orchards have been the least delivered so far. It is also important to note that the contribution of arable field margins (AFM) to the habitat target is capped at 40,000 hectares, because they are relatively easy to deliver, and the legislation calls for a diverse range of habitats. We have likely already reached this cap, so projects should focus on delivering other habitat types instead.

Eligible and ineligible activities

An action is the set of interventions needed to create or restore wildlife-rich habitat and must be sufficient, when taken together, to establish the habitat. Partial steps do not constitute an action.

The following do not count towards the habitat target and so should not be funded by the WRHF:

- Partial or insufficient actions.
- Maintenance or enhancement of existing wildlife-rich habitat.
- Compensatory habitat required by planning.
- Actions on protected sites designated as of January 2023. Action can take place on land that has been or may be designated after January 2023.
- Creation that destroys an existing wildlife-rich habitat (e.g., creating dry habitats on peat).

Quick Assessment Checklist

FiPL Officers should confirm and document that:

- The proposal creates new wildlife-rich habitat (not maintenance)
- The habitat type appears in TIN219 Table 2
- Site conditions and proposed actions match the habitat's desired outcome in TIN219
- Actions are evidence based and sufficient to establish habitat
- The land is outside of protected sites
- The habitat creation action aligns with priorities identified in the LNRS and the PL management plan
- Funding is compatible with other schemes (no double funding).

Worked Examples

Example: Creating a Species Rich Grassland



Project description:

- Converting modified grassland into species-rich grassland on non-protected land.

Actions delivered:

- Soil preparation
- Sowing a species-rich seed mix
- Introducing appropriate level of grazing

Why it counts:

- Increases extent of a wildlife-rich habitat
- All required interventions needed to establish the habitat have been delivered.
- Outside protected sites
- Meets the TN219 definition of wildlife-rich grassland

What would not count:

- Soil preparation only
- Improving condition of existing species-rich grassland

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Example: Peatland restoration



Project description:

- Restoring a degraded peatland outside of a SSSI with historic drainage.

Actions delivered:

- Hydrological restoration, such as ditch blocking or re-wetting
- Scrub or inappropriate vegetation removal
- Reprofiling and re-vegetation with peatland species (e.g. sphagnum)

Why it counts:

- Restores degraded peatland that is no longer functioning as healthy peatland
- Expected to establish wildlife-rich peatland (TIN219)
- Increases the extent of wildlife-rich habitat
- Outside protected sites

What would not count:

- Grazing
- Vegetation cutting only
- Action inside a SSSI

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Protected Landscapes Targets and Outcomes Framework

1. Create wildlife-rich habitats
2. Get Sites of Special Scientific Interest (SSSIs) into favourable condition
3. Take action that will eventually get SSSIs into favourable condition
4. Increase the area of priority habitat that is being managed
5. Encourage land managers to adopt nature-friendly farming
6. Reduce greenhouse gas emissions
7. Restore peatland
8. Increase tree and woodland cover
9. Improve and promote accessibility for all
10. Reduce the number of nationally designated heritage assets at risk