YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 5**

Date: **26 March 2024**

Report: **BUDGET 2024/25 and Medium Term Financial Strategy**

Purpose of report

1. To seek approval for the proposed 2024/25 Budget, the Medium Term Financial Strategy (MTFS) and the associated Reserves Strategy.

Recommendation

2. That Members approve:

   (a) the draft budget for 2024/25;
   (b) the indicative budgets for 2025/26 and 2026/27;
   (c) the Reserves Strategy and
   (d) an additional wildlife objective for inclusion into the Corporate Plan.

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' and action 30.4, to Prepare the Medium Term Financial Strategy for 2024/25 to 2026/27.

4. The requirement that the annual budget be approved by the full Authority is set out in Financial Regulations.

Background

5. A draft version of the MTFS was considered at the Finance & Resources (F&R) Committee meeting on 5th March 2024. The report is in the attached **Appendix.** The F&R Committee proposed that the Budget for 2024/25 and the MTFS should be recommended for approval by the Authority, with the proviso that any significant changes from the draft figures are highlighted at the Authority meeting.

6. No further changes have been proposed as no additional clarification of new projects has been confirmed at the time of writing this report. As the Authority receives confirmation of new projects, they will be presented as Virements to the quarterly Finance & Resource Committee.

7. The F&R Committee also considered the detailed Work Programmes for 2024/25 in Appendix 4. They have not been included in this paper due to their size but are available on the website under F&R Committee Reports from 5th March 2024.

Objectives

8. Members will recall that the objectives for our work programmes for 2024-25 were agreed at the Authority meeting in December. At that time, we indicated that officers were still working on developing an additional objective for wildlife, to reflect some of the habitat restoration targets that had recently been included in the wider Nature Recovery Plan for the National Park. It is now proposed that, initially, the Authority focuses on supporting the restoration of grassland habitats, outside of the Sites of Special Scientific Interest. The proposed objective is, therefore, to:

    - Work with farmers, landowners and partner organisations to restore or create 500 ha of species-rich grassland habitats by March 2027.

Conclusions

14. As there are no changes to the budget from the F&R Committee draft budget, it is recommended to approve the MTFS as presented.

15. Although 2024/25 is balanced, the coming year will be focused on increasing the external funding for years 2025/26 and 2026/27.

Michelle Clyde
Head of Finance/Treasurer

08 March 2024

Appendix

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 5**

Committee: **FINANCE AND RESOURCES**
Date: **5 March 2024**

Report: **DRAFT BUDGET 2024/25**

Purpose of report

1. To seek approval for:

- the draft 2024/25 Budget and the associated Reserves Strategy; and
- the indicative draft budgets for 2025-26 and 2026-27 and related actions.

Recommendation

2. That Members approve the draft budget for 2024/25 and indicative budgets for 2025/26 and 2026/27 (**Appendix 1**), and the Reserves Strategy (**Appendix 5**), for submission to the full Authority for final approval.

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 2023-2024**
  Objective 30: Plan and manage the Authority's work so as to make the most effective use of its resources.

Background

4. The Authority is required to produce a balanced budget for the financial year ahead. This budget, together with projections for the following two years, constitute the Authority's Three-year Medium Term Financial Strategy (MTFS).

Overall position

5. The main features of the proposed MTFS are:

- A balanced budget has been produced for 2024/25.

- The Government core **Revenue** Grant remains static at £5229.8k, but the total £5729.8k includes an additional £500k **Capital** Grant for 2024/25. No formal DEFRA grant agreement has been received at the time of writing this report, but the additional funding has been publicly announced.
- The 2025/26 and 2026/27 core grant includes the additional £500k, and assumes this will be added to the budget as revenue grant. Should this not be the case savings or extra income would need to be found: £257k in 2025/26 & £433k in 2026/27.
- The total planned expenditure for 2024/25 is **£13.1m**. This is significantly 'over-achieving' against our objective (£9.7m) for the year.
- The planned expenditure will support the delivery of most of the Authority's objectives and ambitions approved by Members in December, notably:
    - Provide £2m of funding to the National Park's farmers and landowners through Defra's Farming in Protected Landscapes programme;
    - Continue the Tees-Swale project – restoring peatland, hay meadows, woodland and other priority habitats across Swaledale and Arkengarthdale;
    - Promote the understanding and enjoyment of the National Park by facilitating The Cheese festival and Dark Skies Festival;
    - Implement the Coast to Coast National Trail through the National Park;
    - Provide new, externally-funded Education and Outreach projects: Championing National Parks for everyone (led by Peak District Mosaic), and National Citizen Service project (led by YDMT);
    - Facilitate an extensive volunteers programme, young ranger, 'upskill downdale' youth engagement programme, and apprenticeships, developing skills that lead to employment in the environmental sector;
    - Employ a new Creative Content Producer to manage the increasing prioritisation of video within social media to reach younger audiences;
    - The further development of the Hawes to Garsdale multi use route;
    - Continue to provide an efficient and effective Development Management service, that meets Government targets;
    - Prepare a new Local Plan for the whole National Park, and submit it to the Planning Inspectorate for public examination;
    - Produce a new National Park Management Plan, giving priority to tackling the climate and nature emergencies;
    - Continue to provide quality visitor facilities and experiences at Dales Countryside Museum and the four National Park Visitor Centres;
    - Invest in new microphones and installation of screens in committee and meeting rooms to improve facilities.
- The 2024/25 budget includes the planned use of £543k of Earmarked Reserves for IT, Estates, Plant and planned multi-year projects e.g. the Tees-Swale:

Naturally Connected project, and the development of the Langcliffe Ranger base.

6. Several significant accessibility projects are in the pipeline for 2024-25. The second tranche of the accessibility grant from Defra is expected. This will match fund two projects: Smardale/Waitby improvements and Aysgarth accessibility route. The latter along with Cautley accessibility bridge are dependent on successful Farming in Protected Landscapes applications, and the first on a successful bid to the National Lottery Heritage Fund by Eden Rivers Trust. As such, these schemes are not included in the budget at this stage.

Key features of the budget

7. The Opportunities Fund has not been needed, and has been set at zero for all three years. Instead, a reserve of £500k will be set aside for match funding bids or project opportunities in future years.

8. Staff pay increases have been set at 4% for 2024/25, 3% for 2025/26 and 2% for 2026/27; each 1% above or below this equates to approximately £50k budget.

9. The vacancy factor remains at 2.5% which equates to a required saving of £122k in 2024/25. Although savings on salaries have been much higher in 2023/24 it is hoped that the Authority will be facing less turmoil in the jobs market in the coming years.

10. Members will be aware how quickly the context regarding our finances can change and how significant some of those factors can be in our future planning. In developing the 2024/25 budget, and the wider three-year MTFS, we have had to make some assumptions based on the best information we have available currently (see **Appendix 2**)**.**

11. Major savings which were already identified as part of forward planning that are embedded into this budget are:

- the National Park Centre at Hudson House is now being managed as a Partnership Centre to match similar centres in other parts of the National Park.
- the Rights of Way programme, an Authority priority, costs over £1m per year. This is a significant sum and, in view of the financial pressures facing the Authority, unsustainable. Moreover, the statutory responsibility for this work rests with the Highways Authorities. Funding has been sought from the two unitary Authorities with statutory duties for Rights of Way maintenance, and funding of £33k has been secured from Westmorland & Furness Council rising to £45k over three years. No funding has been secured from North Yorkshire Council. Therefore, the programme will be reduced by approximately £45k, and maintenance works on the North Yorkshire network will be cut accordingly.
- Introducing more reliable car park machines that take cards only, reducing the frequency and cost of the cash collection service.

12. As well as the changes highlighted above in, in order to reach a balanced budget for 2024/25, a number of savings have been identified which will impact on our work programmes. Further details of these can be found in **Appendix 3.**

Beyond 2024/25

13. Members will note from the detail above that the ability to deliver the Authority's objectives through a fully costed set of work programmes is very positive. The late announcement of additional government funding, as with the previous financial year (£440k), does feel a little 'hand to mouth' but nonetheless it does represent good news. However, the position beyond 2024/25 does not look so positive. This is for two reasons – one largely within our control, the other less so.

14. The Authority's objective - **to maintain spending in real terms at 2014/15 levels** - would require expenditure of £10.0m in 2025/26 and £10.2m in 2026/27. The projected budgets are currently £8.9m and £8.5m respectively. This reflects the fact that the 'Farming in Protected Landscapes' programme, and the 'Grow Back Greener' project are both scheduled to end in March 2025. New funding streams will need to be identified in order to fill this gap. Members will be aware that a number of significant projects are in development. Whilst there is nothing yet concrete, previous experience suggests that additional funding will be secured over the next 12 months.

15. The second issue relates to the continuing uncertainty over the Country's public finances in general and NPA finances in particular. This is not a new phenomenon but one that looks more uncertain than ever for the period following what is likely to be an election year. Of course no one can predict what awaits us beyond the next financial year but the point for Members to note is that our MTFS assumes that the core grant level from 2025/26 onwards remains at the 2024/25 level - £5,729.8m. This includes the £500k uplift in grant recently announced by the Secretary of State. Should this funding be cut from 2025/26, then all of the Authority's plans and ambitions face a degree of uncertainty.

The Draft Budget: Detail

16. Detailed information on all programme and corporate activity budgets is contained within the following appendices:

- **Appendix 1**: **Draft Medium Term Financial Strategy 2024/25-2026/27.** The detailed budget for 2024/25 and projections for the following two years.
- **Appendix 2**: **Budget assumptions: Costs and income.** The key assumptions that underpin the projections. The estimates are considered to be robust, and additional explanations are provided where there is any significant level of uncertainty.
- **Appendix 3**: **Significant budget changes**. Those parts of the 2024/25 budget that have changed significantly from the indicative figures presented last year.
- **Appendix 4: Work Programme Budgets**. Detailed proposals for each work programme.

- **Appendix 5**: **Reserves.** Details of the planned use of a number of our earmarked and General Reserves.
- **Appendix 6**: **Risks**: significant issues that may affect the budget in 2024/25.

Equality Impact Assessment

17. An Equality Impact Assessment has been completed for this report 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.

Conclusions

18. This year's budget is an important preparatory step towards securing our longer-term objectives and financial future. The Authority is on a firm footing for 2024/25 due to the additional Capital Funding provided by DEFRA, and a plethora of externally-funded projects. However, significant further work will still be needed in 2024 to identify and secure new project funding and income streams. Further – if the additional DEFRA funding of £500k is not continued beyond 2024/25 - further cuts will need to be made in order to put the Authority on a more robust financial footing from 2025/26.

19. The Draft Budget may be subject to further minor revisions before it is submitted to the Authority for final approval on 26 March 2024. Any such changes will be highlighted within the accompanying report to be submitted to the Authority meeting in March.

Michelle Clyde
Head of Finance/Treasurer
5 February 2024

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Medium Term Financial Strategy 2024/25-2026/27

	2023/24 BUDGET NET £000's	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's
PROGRAMME BIDS				
Staff Cost	743.5	771.7	798.2	819.1
Programme Cost	59.9	60.2	60.4	60.6
Income	(320.0)	(321.5)	(322.0)	(322.0)
Development Management Total	**483.4**	**510.4**	**536.6**	**557.7**
Staff Cost	591.9	690.4	432.1	415.6
Staff income	(269.5)	(349.5)	(88.7)	(62.7)
Programme Cost	1,241.3	2,561.1	18.0	13.0
Income	(1,188.3)	(2,503.1)	(15.0)	(10.0)
Farm Conservation Total	**375.4**	**399.0**	**346.4**	**355.9**
Staff Cost	187.4	202.7	177.1	181.6
Staff income	(28.2)	(51.4)	(22.3)	0.0
Programme Cost	100.5	126.3	128.5	130.1
Income	(70.5)	(74.0)	(76.2)	(77.8)
Biodiversity Total	**189.3**	**203.7**	**207.1**	**233.9**
Staff Cost	574.1	718.5	702.9	665.7
Staff Income	(123.1)	(304.9)	(256.3)	(140.7)
Programme Cost	559.8	1,036.5	722.9	650.0
Income	(307.5)	(467.8)	(472.6)	(428.1)
Rights of Way Total	**703.4**	**982.2**	**696.9**	**746.9**
Staff Cost	141.7	147.5	119.6	112.2
Programme Cost	41.0	81.0	66.0	26.0
Income	0.0	(15.0)	0.0	0.0
Development Planning Total	**182.7**	**213.5**	**185.6**	**138.2**
Staff Cost	101.7	108.5	112.9	115.2
Staff Income	(1.3)	0.0	0.0	0.0
Programme Cost	83.2	141.3	21.6	15.0
Income	(58.2)	(120.3)	(6.6)	0.0
Recreation & Health Total	**125.4**	**129.5**	**127.9**	**130.2**

	2023/24 BUDGET NET £000's	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's
PROGRAMME BIDS				
Staff Cost	263.6	305.0	264.7	198.4
Staff Income	(96.8)	(144.7)	(91.9)	(20.8)
Programme Cost	43.7	64.4	56.6	31.0
Income	(12.7)	(35.1)	(26.7)	0.0
Education & Outreach Total	**197.8**	**189.6**	**202.6**	**208.6**
Staff Cost	323.8	291.2	163.1	153.0
Staff income	(196.3)	(149.3)	(15.4)	0.0
Programme Cost	776.9	676.9	52.6	52.6
Income	(742.2)	(629.8)	(5.5)	(5.5)
Trees & Woodlands Total	**162.2**	**189.0**	**194.8**	**200.1**
Staff Cost	94.4	100.2	103.9	106.8
Programme Cost	125.7	120.3	148.6	119.5
Income	(87.4)	(89.7)	(89.7)	(89.7)
Dales Countryside Museum Total	**132.8**	**130.9**	**162.8**	**136.6**
Staff Cost	134.0	144.5	196.4	201.7
Staff income	0.0	(20.5)	(66.3)	(45.6)
Programme Cost	94.5	64.5	56.5	56.5
Income	(68.0)	(38.0)	(30.0)	(30.0)
Historic Environment Total	**160.5**	**150.5**	**156.6**	**182.7**
Programme Cost	3.7	23.7	3.7	3.7
Landscape Features Total	**3.7**	**23.7**	**3.7**	**3.7**
Staff Cost	203.4	213.8	221.0	226.6
Programme Cost	128.0	126.6	133.7	121.4
Income	(10.0)	(6.0)	0.0	0.0
Volunteers and Apprentices Total	**321.4**	**334.5**	**354.7**	**348.0**
Staff Cost	118.8	124.9	128.8	131.4
Programme Cost	20.0	20.0	20.0	20.0
Tourism Total	**138.8**	**144.9**	**148.8**	**151.4**

	2023/24 BUDGET NET £000's	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's
PROGRAMME BIDS				
Staff Cost	350.4	363.2	376.1	386.6
Programme Cost	343.2	356.2	341.3	344.9
Income	(340.1)	(347.1)	(347.1)	(347.1)
National Park Centres Total	**353.5**	**372.3**	**370.3**	**384.4**
Staff Cost	41.4	43.1	44.3	45.2
Programme Cost	155.0	155.0	155.0	155.0
Sustainable Development Total	**196.4**	**198.1**	**199.3**	**200.2**
Staff Cost	80.0	87.8	90.2	92.1
Programme Cost	474.5	333.8	319.9	321.9
Income	(943.1)	(951.3)	(951.3)	(951.3)
Car Parks & Toilets Total	**(388.5)**	**(529.6)**	**(541.1)**	**(537.3)**
Staff Cost	65.5	67.7	70.0	71.4
Programme Cost	16.0	11.0	11.0	11.0
Recreation Management Total	**81.5**	**78.7**	**81.0**	**82.4**
PROGRAMME SUMMARY				
TOTAL GROSS PROGRAMME COSTS	**8,282.7**	**10,339.4**	**6,317.4**	**6,054.9**
TOTAL PROGRAMME INCOME	**(4,863.1)**	**(6,618.8)**	**(2,883.5)**	**(2,531.2)**
TOTAL PROGRAMME SPEND	**3,419.6**	**3,720.7**	**3,433.9**	**3,523.7**
CORPORATE EMPLOYMENT & CENTRAL COSTS				
Conservation of the Natural Environment	128.9	134.8	138.6	141.4
Promoting Understanding and Enjoyment	111.2	117.1	120.4	122.9
Communications and Interpretation	197.3	202.9	210.0	215.7
Ranger Services	79.2	85.6	87.8	89.5
Corporate Services	1,031.4	1,036.0	1,068.1	1,092.0
Vacancy Factor	(115.2)	(122.5)	(123.0)	(122.7)
Other Employee Costs - Corporate Management	19.9	20.6	20.9	20.9
TOTAL CENTRAL GROSS COSTS	**1,452.7**	**1,474.6**	**1,522.9**	**1,559.6**
TOTAL CENTRAL INCOME	**0.0**	**0.0**	**0.0**	**0.0**
Total Corporate Employment Costs	**1,452.7**	**1,474.6**	**1,522.9**	**1,559.6**

	2023/24 BUDGET NET £000's	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's
CORPORATE EMPLOYMENT & CENTRAL COSTS				
Support Services	304.4	241.3	238.7	243.0
Support Services Income	(255.5)	(210.0)	(163.5)	(163.5)
CEO Support	9.9	4.0	4.1	4.2
Legal Services	30.9	25.2	25.9	26.8
Legal Services Income	(17.0)	(17.0)	(17.0)	(17.0)
Office Accommodation	165.1	130.0	134.6	138.8
Office Accommodation Income	(14.5)	(18.1)	(18.1)	(18.1)
Office Buildings Maintenance	40.2	453.0	53.0	30.2
Health & Safety	8.1	6.6	6.8	6.9
Member Costs	122.7	162.7	137.4	143.6
IT Licences, Consumables and Support	254.3	163.0	369.8	176.8
Communications	98.8	71.8	59.2	61.7
Communications Income	(23.4)	(3.0)	(3.0)	(3.0)
Training	60.1	69.1	63.1	63.1
TOTAL CENTRAL GROSS COSTS	**1,094.5**	**1,326.6**	**1,092.7**	**895.1**
TOTAL CENTRAL INCOME	**(310.4)**	**(248.1)**	**(201.6)**	**(201.6)**
Total Central Costs	**784.1**	**1,078.5**	**891.1**	**693.5**
BUDGET SUMMARY				
DEFRA National Park Grant Income	**(5,229.8)**	**(5,729.8)**	**(5,729.8)**	**(5,729.8)**
Other Income	**(5,173.5)**	**(6,866.9)**	**(3,085.1)**	**(2,732.8)**
Total Income	**(10,403.3)**	**(12,596.7)**	**(8,814.9)**	**(8,462.6)**
Gross Expenditure	**10,829.9**	**13,140.6**	**8,932.9**	**8,509.6**
In-Year Deficit	**426.6**	**544.0**	**118.0**	**46.9**
Opportunities Fund	**60.0**	**0.0**	**0.0**	**0.0**
In-Year Deficit after Opportunities Fund	**486.6**	**544.0**	**118.0**	**46.9**
FUNDED BY:				
Matched Funding from Specific Reserves	**(278.0)**	**(60.0)**	**(9.3)**	**(42.7)**
Capital Expenditure Funded from Reserves	**(138.7)**	**(482.7)**	**(108.7)**	**(4.2)**
General Balancing Reserve Movement	**(69.9)**	**(1.3)**	**0.0**	**0.0**
% Ratio - Salary Costs to Gross Income	**52.8%**	**46.6%**	**62.9%**	**64.9%**
Non-DEFRA income % of Total Income	**49.7%**	**54.5%**	**35.0%**	**32.3%**

Appendix 2

Budget assumptions: Costs and income

1. Defra Grant

Defra's grant settlement letter for 2024/25 had not been received by the date this report was completed. However, DEFRA has indicated a 'flat settlement' Revenue Grant, and an additional new Capital Grant of £500k in 2024/25. DEFRA has indicated that it will use this inflated figure as the baseline to negotiate further years' funding (so all revenue grant) in 2025/26 and 2026/27. However, if the future years' funding remains flat excluding the additional £500k, savings or additional income would need to be found of £258k in 2025/26 and £433k in 2026/27.

2. Staff Costs

Staff costs have been modelled in detail across the next 5 years to identify potential affordability problems. The projections include the estimated national pay increase, pay-band progression, employer Pension and National Insurance contributions, and a saving due to temporary vacancies (vacancy factor). Projections for the ratio of staff costs to gross income are shown below, together with the previous predictions for the same years as calculated in January 2023.

% Salary Costs to Gross Income	2024/25	2025/26	2026/27	2027/28	2028/29
Projections as at January 2024	47%	63%	65%	67%	68%
Projections as at January 2023	61%	68%	69%	71%	

Members had adopted an indicative measure for this ratio of 50% - 55%, so the above figures suggest a potential problem developing from 2025/26. Whilst pay levels continue to rise annually, the issue is that external income is currently projected to fall significantly from 2025/26. All recent experience is that these figures will look less problematic in 12 months' time; as new grants and income streams are secured. To illustrate the point, Members will see that the current projection for 24/25 now looks considerably better than it did this time last year, and this has been borne out in each of the last 5 years. However, given the long lead in time for big projects (such as Lottery funding), it may take until 2026/27 to get the ratio back comfortably below 55%.

3. Staff/Member Pay

Estimated salary increases have been kept at:

2024/25: 4%
2025/26: 3%
2% thereafter

4. Overheads

Inflation on corporate overheads has been applied at variable rates depending on the particular item. Inflation is lower than the previous year, in particular for utilities.

5. Income from Fees & Charges

Projections for income from fees and charges are realistic based on prior years.

6. Capital Expenditure

The Authority's capital expenditure comprises investment in Property, IT and Plant & Equipment, for which detailed schedules have been prepared covering the next five years. These are available at Members' request. At present, £500k is funded from the new Government Capital Grant and the remainder is funded from Earmarked Reserves (see **Appendix 5**) This approach avoids the pressure of having to find this funding from within annual programme budgets.

Appendix 3

Significant Budget Changes

The changes below highlight significant budgetary changes (increases and reductions) between the indicative budgets approved by the Authority in March 2023 (for 2024/25), and the revised budget now proposed.

Staffing

1. The National Pay Award for Local Government:

The national pay award for 2023/24 was budgeted at 5% across the board. The pay settlement agreed was actually £1925 per scale point to scale point 38, (increases between 9.5% to 4%), and an increase of 3.88% for scale point 39 and above.

There were also a number of savings due to changes in staff hours and scale points. This means an overall net saving of £9k in 2024/25, £15k in 2025/26 and an additional cost of £15k in 2026/27.

2. Increased staffing costs

- Extension of additional resource to support production of the Local Plan: £27k in 2024/25 and £9k in 2025/26.
- New post: Creative Content Producer: £34k p.a.

3. Funded Posts (net zero cost to the Authority)

- Education & Outreach - Championing National Parks: £41k in 2024/25 and £51k in 2025/26.

4. Staff Savings

- The post of Interpretation Officer has been deleted as part of the savings identified through the Visitor Services Review, saving up to £40k p.a.
- Reception reconfiguration, saving up to £34k p.a.

5. Additional Income for Staffing

- The Coast to Coast project income of £85k in 2024/25 and £69k in 2025/26 covers Ranger time and other administration and management costs. Corresponding expenditure to increase capacity in the Ranger team to take on the project has increased Ranger staff costs by £24k p.a., leaving net income of £61k in 2024/25, and £45k in 2025/26.

6. Total Staffing

- The combined result of the above staffing changes equates to net savings of £79k in 2024/25 and £88k in 2025/26, and a net additional cost of £12k in 2026/27.

Work Programmes

7. Farm Conservation

- Farming in Protected Landscapes has an increased budget of £1.3m (both costs and income) taking the total budget to £2.5m in 2024/25.
- New Regenerative Farming research project in 2024/25 is £100k, with £95k of external funding.

8. Rights of Way

- Right of way core budget and income; North Yorkshire Council is not providing any funding for the works in their area of the park: reduced by £45k p.a.
- Ranger base overheads (this assumes that the new Ranger base will be operational from 2025/26): saving £22k p.a.
- Ranger base: £400k capital expenditure (funded by allocated reserves).
- Multi User Routes: £360k in 2024/25.
- Coast to Coast Implementation: £336k project over 2024/25 and 2025/26, with matched income to cover project costs and overheads of £391k.

9. Development Planning

- Clapham Neighbourhood Plan: costs and income of £15k to fund a local referendum in 2025/26.

10. Trees & Woodlands

- 'Grow Back Greener' project: reduction of £46k in costs and income in 2024/25.

11. Educations & Outreach

- Championing National Parks project: two-year project in 2024/25 and 2025/26 £46k cost and £49.1k income to cover project costs and overheads.

12. Historical Environment

- Barn repairs: additional support to manage 10 barn restoration projects in 2024/25 £20k cost.

13. National Park Centres and Retail

- Hudson House added as a partnership centre: £10k p.a.
- 75th and 70th Anniversary events programme: £10k in 2024/25.

14. Car Parks & Toilets

- Carpark machines capital costs: £20k, this is in addition to the £40k allocated in 2023/24 in order to allow replacement of the existing machines, rather than an upgrade.
- Cash collection contract cost: £10k in 2024/25 to continue the full collection until the new machines are in place.
- Net income from Podpoint Electric Vehicle chargers: saving £18k p.a.

15. Central Costs

- Support services – reduction in storage and overhead costs: saving £28k p.a.
- Office accommodation – utilities cost: saving £24k p.a.
- Bank Interest income increase: saving £60k in 24/25, £24k thereafter.
- IT - re-negotiation of the Microsoft 365 licences: saving £14k p.a.,
- IT - capital items: HR/Payroll system estimated cost £30k and mobile handset refresh, estimate £26k; both in 2025/26.
- Members conference room new audio and screen equipment. Cost £25k in 2024/25.
- Interpretation - consultant to survey and catalogue the Authority's 270 interpretation panels within the National Park: £15k cost in 2024/25.
- Reception relocation building works: cost £20k

Appendix 5

Reserves Strategy

1. The Authority holds Reserves for two purposes:

    - **To help to manage budget risk, by providing financial 'insurance' in case of:**
        - contingencies such as a major legal cost or the interim funding needed to cope with a reduction in National Park Grant from Defra;
        - Inaccurate budget estimates or loss of external funding streams.

    - **To support delivery by:**
        - funding investment requirements;
        - enabling us to take advantage of appropriate project opportunities.

2. This Strategy covers the Authority's **Usable** Reserves. These are Reserves backed by cash and are therefore available to spend on the purposes for which they have been established. At the date of this report, the value of the Authority's Usable Reserves is **£3635.2k.**

The Strategy

3. It is proposed that the Authority's Reserves be maintained in line with the table below. Full details of each Reserve, and the purpose for which it is maintained, have not been included here but are available at Members' request.

4. Reserves will be spent over the following five years to cover the projects and capital spending indicated; the costs of which are included in the main budget.

5. The position at year-end (31 March 2024) will inevitably be different from that shown below, after taking into account the following events:

    - A temporary reserve will be created to contain any carry-forward budgets that are required to complete activity started but not finished in 2023/24, this is normally in the region of £400k to £600k and covers those projects which do not neatly fit into the financial year, this budget will come from underspends in 2023/24.

    - The balance of the reserve for the ongoing woodland monitoring obligations until 2030 will be increased by the value attributed to 2023/24 new capital projects completed in year, this balance was not known at the time of writing this report.

    - It is unlikely that the position at year-end will exactly match the set budget which this estimation is based on. The General Fund will be modified in line with the net 2023/24 year-end financial balance (after taking account of carry-forward budgets).

		ESTIMATED BALANCE @ 31/3/24
No	**Reserve Description**	**£'000**
1	Contingency Reserve - 10% gross budgeted expenditure 24/25	1312.0
2	Carry Forward Budgets	TBN
3	IT Equipment	260.6
4	Property	603.0
5	Plant & Equipment	134.0
6	Access for All	30.6
7	Tees-Swale - Naturally Connected	50.0
8	Attracting Younger People	19.3
9	Earmarked legacies	140.8
10	B4RN Shares	101.0
11	Hawes to Garsdale multi use route	240.0
12	External Funding Match Bid Reserve	500.0
	Estimated Earmarked Reserves Balance	3391.3
	Estimated General Fund Reserve	*243.9*
	Estimated Total Usable Reserve Balance (based on current budget)	3635.2

Appendix 6

Risks associated with the Draft Budget

Risk	Impact	Likelihood	Control / Mitigation
1. Longer term plans are unaffordable	High	High/moderate	Projections indicate that our plans for 2025/26 and 2026/27 are affordable in their current form, but programme cuts will be needed if the new £500k income from DEFRA is not added to the baseline of the Authority's core grant.
2. Staff costs in excess of budget	High	Moderate	Staff turnover may not generate the saving from vacancies built into the budget, of £123k. At the time of preparing this budget, the Local Government pay award for 2024/25 had not yet been agreed. For every additional 1%, the Authority's staff costs would rise by ~£50k pa.
3. Inflation greater than projected	Moderate	Moderate	Specific rates of inflation, appropriate to each overhead, have been used to prepare the budget. The current situation is changeable and will be monitored, so that more substantial increases in inflation can be taken onto account should the budgeted rates prove to be too low.
4. Unidentified costs missing from budget.	Low	Low	Any significant problems could be managed through a call on the General or Contingency Reserve.
5. Failure to achieve earned income projections.	Moderate	Low	Achievement of targets is kept under continuous review. The most significant 'earned income' target is car parking, for which our projection for 2024/25 assumes a continuation of the performance seen in 2023/24. The increasing contribution from external grant income to our budgets isn't necessarily accompanied by increased risk: the majority of such income is linked to related expenditure, and if that spending doesn't happen to its planned extent, less grant income will be accessed, but with no overall net *financial* impact (although the gross income result reported at year end would be lower than is currently projected).
6. Failure to deliver objectives within Corporate Plan	High	Low	Closely managed process, with scheduled in-year reviews. Where additional spending is required to achieve delivery, budget can be made available from the General Reserve or – if necessary - from redirecting resources from lower priority programmes.

Risk	Impact	Likelihood	Control / Mitigation
7. Insufficient Reserves to cover spending plans	High	Low	Managed through the Reserves Strategy (see Appendix 5).

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