

25 March 2025

Budget 2025/26 and Medium-Term Financial Strategy

Purpose of report

1. To seek approval for the 2025/26 Budget and the Medium-Term Financial Strategy to 2027/28.

Recommendation

2. That Members approve the budget for 2025/26 and indicative budgets for 2026/27 and 2027/28 (**Appendix 1**), and the Reserves Strategy (**Appendix 5**).

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 our resources.

Background

4. The Authority is legally 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).
5. The draft MTFS was presented to the Finance & Resource Committee on 25th February 2025. The report is attached at **Annex 2**.
6. The uncertainty and lack of clarity from Government of the Authority's financial position was discussed at some length at the F&R meeting. This year is proving particularly difficult as the new Government has still to fully develop its approach to nature recovery, climate, and the role of Protected Landscapes more generally. Things should become clearer once we have the outcome of the current Spending Review. This is taking place across Government, and we expect to hear the details later this year. In the meantime, we still have to fulfil our statutory responsibilities in setting out our work programme proposals and how they will be resourced for the next three years.

7. There have been a number of significant changes to our financial position since the F&R meeting and these are set out below.

Core Revenue Grant

8. We have still not received formal notification of our core grant for 2025/26, but we have been led to believe that the core revenue grant will be cut by a further 9%. The details of how this cut will be allocated across the 10 NPAs are still being considered by Defra. It could be divided equally (£400k), or it may be a proportion of our current grant (£470k cut). We have assumed the latter for budgetary purposes. More significantly, it is likely that this reduction will form part of our new (reduced) grant baseline for future years. It means our projected deficit for 2026/27 rises to £1.1m. with a further rise to £1.3m in the following year.
9. Defra have announced they will provide an additional sum of £200k to the ten English NPAs as a contribution towards their membership of National Parks England (NPE). Our current annual contribution to this body is £24k.

Capital Grants

10. The Government have indicated that NPAs will receive a one year £15m capital grant. We would hope, and expect, to use some of this funding to offset the revenue grant cut in 2025/26, but it has been provided principally for the achievement of the 30x 30 targets and to assist NPAs to make future cost savings or unlock permanent income streams. Further details from Government will follow, including how the fund will be allocated. It is possible that further capital funding might be provided from 2026-27 onwards. The difficulty is that we will not know if that is the case until too late in the budget cycle.

Other Government announcements

11. As expected, the extension for a further year of the 'Farming in Protected Landscapes' (FiPL) scheme was announced recently. This is a sum of £30m for the 44 Protected Landscapes (NPAs and National Landscapes). This is good news, and we would expect to see a grant of around £1.7m allocated to the Authority to continue this work through 2025/26. This is included in the revised MTFS.
12. The Government also expect to announce an extension for a further year of the 'Access for All' project with approximately £6.8m of capital funding being made available to the Protected Landscapes. As the figure for The Authority is not yet known, it is not included in the revised MTFS.

Internal budget changes

13. **Annex 1** is an updated MTFS to reflect the above changes and also a small number of internal budget adjustments since the F&R Committee meeting. There is no overall net impact on the budget from these internal changes.

Conclusion

14. Further definitive information is still required from Defra before we have clarity on the 2025/26 financial year and the following two years. The most important will be the result of the Spending Review.
15. If the assumptions that are contained in our MTFS come to fruition, then the coming year 2025/26 looks quite positive and we would expect to continue to deliver the range of ambitions and objectives laid down by Members. However, the size of the financial problem for 2026/27 onwards has become more difficult since the initial meeting of the F&R Committee. Unless there is a considerable improvement in the financial proposals from Government, we will most likely face a significant reduction in our future work programmes and the restructuring of the Authority. The difficulty we are likely to face is one of timing. If the CSR reports in the Summer, as we have been told, then that provides us with sufficient time to make any necessary changes to the Authority's Work Programmes and structure. The later the announcement, the more difficult this becomes.
16. The Chair and the CEO will be able to provide an update on these matters, and details of how NPE are responding to the situation at the meeting.

Michelle Clyde
Head of Finance/Treasurer

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Revised Medium Term Financial Strategy 2025/26-2027/28

	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
PROGRAMME BIDS				
Staff Cost	771.7	807.4	830.1	849.6
Programme Cost	60.2	58.5	58.7	59.0
Income	(321.5)	(337.0)	(337.0)	(337.0)
Development Management Total	510.4	528.9	551.8	571.6
Staff Cost	690.4	717.2	639.6	463.7
Staff income	(349.5)	(342.0)	(254.1)	(63.0)
Programme Cost	2,561.1	1,568.1	13.0	13.0
Income	(2,503.1)	(1,565.1)	(10.0)	(10.0)
Farm Conservation Total	399.0	378.2	388.5	403.7
Staff Cost	202.7	227.1	186.1	190.9
Staff income	(51.4)	(81.1)	(17.1)	(17.4)
Programme Cost	126.3	133.2	135.5	138.0
Income	(74.0)	(81.2)	(83.6)	(86.0)
Biodiversity Total	203.7	197.9	221.0	225.5
Staff Cost	718.5	719.8	686.1	704.0
Staff Income	(304.9)	(255.0)	(143.7)	(146.9)
Programme Cost	1,036.5	748.5	683.1	682.3
Income	(467.8)	(507.6)	(478.1)	(478.1)
Rights of Way Total	982.2	705.6	747.3	761.2
Staff Cost	147.5	169.1	136.6	139.4
Programme Cost	81.0	66.0	26.0	26.0
Income	(15.0)	0.0	0.0	0.0
Development Planning Total	213.5	235.1	162.6	165.4
Staff Cost	108.5	162.0	166.5	170.8
Staff Income	0.0	(47.8)	(50.0)	(52.0)
Programme Cost	141.3	26.6	15.0	28.0
Income	(120.3)	(6.6)	0.0	0.0

Recreation & Health Total	129.5	134.2	131.5	146.8
	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
PROGRAMME BIDS				
Staff Cost	305.0	319.9	233.5	239.5
Staff Income	(144.7)	(112.7)	(21.2)	(21.7)
Programme Cost	64.4	101.6	37.0	37.0
Income	(35.1)	(54.6)	0.0	0.0
Education & Outreach Total	189.6	254.2	249.2	254.9
Staff Cost	291.2	207.2	167.5	173.7
Staff income	(149.3)	(55.7)	0.0	0.0
Programme Cost	676.9	694.4	52.3	52.3
Income	(629.8)	(667.6)	(5.5)	(5.5)
Trees & Woodlands Total	189.0	178.3	214.2	220.5
Staff Cost	100.2	109.6	112.7	115.0
Programme Cost	120.3	113.3	118.4	119.3
Income	(89.7)	(89.7)	(89.7)	(89.7)
Dales Countryside Museum Total	130.9	133.2	141.5	144.7
Staff Cost	144.5	155.3	191.8	143.8
Staff income	(20.5)	(20.0)	(51.4)	0.0
Programme Cost	64.5	16.5	36.5	46.5
Income	(38.0)	(20.0)	(20.0)	(20.0)
Historic Environment Total	150.5	131.8	156.9	170.3
Staff Cost	0.0	0.0	0.0	0.0
Programme Cost	23.7	3.7	3.7	3.7
Income	0.0	0.0	0.0	0.0
Landscape Features Total	23.7	3.7	3.7	3.7
Staff Cost	213.8	228.2	233.8	239.6
Staff Income	0.0	0.0	0.0	0.0
Programme Cost	126.6	219.5	142.4	170.8
Income	(6.0)	(13.3)	0.0	0.0
Volunteers and Apprentices Total	334.5	434.3	376.2	410.4

	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
PROGRAMME BIDS				
Staff Cost	124.9	131.4	134.1	136.8
Staff Income	0.0	0.0	0.0	0.0
Programme Cost	20.0	15.0	20.0	20.0
Income	0.0	0.0	0.0	0.0
Tourism Total	144.9	146.4	154.1	156.8
Staff Cost	363.2	396.1	406.6	416.0
Programme Cost	356.2	367.9	385.9	387.8
Income	(347.1)	(409.6)	(409.6)	(409.6)
National Park Centres Total	372.3	354.4	382.9	394.2
Staff Cost	43.1	45.9	46.8	47.8
Programme Cost	155.0	100.0	155.0	155.0
Income	0.0	0.0	0.0	0.0
Sustainable Development Total	198.1	145.9	201.8	202.8
Staff Cost	87.8	93.2	95.1	96.9
Programme Cost	333.8	303.7	310.0	320.1
Income	(951.3)	(1,029.0)	(1,029.0)	(1,029.0)
Car Parks & Toilets Total	(529.6)	(632.1)	(623.9)	(611.9)
Staff Cost	67.7	75.3	76.9	78.4
Programme Cost	11.0	11.0	11.0	11.0
Income	0.0	0.0	0.0	0.0
Recreation Management Total	78.7	86.3	87.9	89.4
PROGRAMME SUMMARY				
TOTAL GROSS PROGRAMME COSTS	10,339.4	9,111.9	6,547.3	6,475.8
TOTAL PROGRAMME INCOME	(6,618.8)	(5,695.5)	(3,000.0)	(2,765.8)
TOTAL PROGRAMME SPEND	3,720.7	3,416.4	3,547.3	3,710.0

	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
CORPORATE EMPLOYMENT & CENTRAL COSTS				
Conservation of the Natural Environment	134.8	140.1	142.9	145.7
Promoting Understanding and Enjoyment	117.1	112.1	116.6	121.4
Communications and Interpretation	202.9	214.6	221.6	227.5
Ranger Service	85.6	89.7	91.4	93.1
Development Planning	0.0	0.0	0.0	0.0
Corporate Services	1,036.0	1,119.3	1,135.7	1,159.6
Vacancy Factor	(122.5)	(127.6)	(125.9)	(127.7)
Other Employee Costs - Corporate Management	20.6	40.5	25.9	26.1
Other Employee Income - Corporate Management	0.0	0.0	0.0	0.0
TOTAL CENTRAL GROSS COSTS	1,474.6	1,588.6	1,608.2	1,645.6
TOTAL CENTRAL INCOME	0.0	0.0	0.0	0.0
Total Corporate Employment Costs	1,474.6	1,588.6	1,608.2	1,645.6
Support Services	241.3	281.6	281.8	299.9
Support Services Income	(210.0)	(248.0)	(160.5)	(160.5)
CEO Support	4.0	4.6	4.7	4.7
CEO Support Income	0.0	0.0	0.0	0.0
Legal Services	25.2	32.4	33.5	34.2
Legal Services Income	(17.0)	(28.0)	(28.0)	(28.0)
Office Accommodation	130.0	130.5	135.8	141.3
Office Accommodation Income	(18.1)	(20.2)	(20.2)	(20.2)
Office Buildings Maintenance	453.0	57.3	32.8	26.1
Health & Safety	6.6	6.7	6.9	7.0
Member Costs	162.7	137.3	143.4	142.0
IT Licences, Consumables and Support	163.0	339.7	237.9	228.6
Communications	71.8	140.4	61.5	62.5
Communications Income	(3.0)	(3.0)	(3.0)	(3.0)
Training	69.1	49.9	63.1	63.1
TOTAL CENTRAL GROSS COSTS	1,326.6	1,180.4	1,001.3	1,009.5
TOTAL CENTRAL INCOME	(248.1)	(299.2)	(211.7)	(211.7)
Total Central Costs	1,078.5	881.2	789.6	797.8

	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
BUDGET SUMMARY				
DEFRA Revenue National Park Grant Income	(5,729.8)	(4,759.1)	(4,759.1)	(4,759.1)
DEFRA Capital National Park Grant Income	(250.0)	(470.7)	0.0	0.0
Total Core Grant Income	(5,979.8)	(5,229.8)	(4,759.1)	(4,759.1)
Other Income	(6,866.9)	(5,994.7)	(3,211.7)	(2,977.5)
Total Income	(12,846.7)	(11,224.5)	(7,970.8)	(7,736.6)
Gross Expenditure	13,140.6	11,880.9	9,156.8	9,130.9
In-Year Deficit	544.0	656.4	1,185.9	1,394.4
FUNDED BY:	0.0	0.0	0.0	0.0
Matched Funding from Specific Reserves	(60.0)	(161.1)	0.0	0.0
Capital Expenditure Funded from Reserves	(482.7)	(245.3)	(102.1)	(69.7)
General Reserve	(1.3)	(250.0)	0.0	0.0
Deficit in year	0.0	0.0	1083.8	1324.7
% Ratio - Salary Costs to Gross Income	46.6%	54.5%	74.3%	75.2%

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Yorkshire Dales National Park Authority

Finance & Resources Committee

25 February 2025

Draft Budget 2025/26

Purpose of report

17. To seek approval for:

- the draft 2025/26 Budget and the associated Reserves Strategy; and
- the indicative draft budgets for 2026-27 and 2027-28 and related actions.

Recommendation

18. That Members approve the draft budget for 2025/26 and indicative budgets for 2026/27 and 2027/28 (**Appendix 1**), and the Reserves Strategy (**Appendix 5**), for submission to the full Authority for final approval.

Strategic Planning Framework

19. 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 our resources.

Background

20. 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).

Financial Outlook

21. The Authority's financial position looks more difficult than it has been for some time, at least in relation to Government financial support. Conversely, this outlook takes place at a time when the Authority has never been so successful in terms of its external income generation performance and consequently, the range of programmes that we currently undertake - from a Government core grant of £5.7m for 2024-25 we are generating work programmes worth over £15m.

22. Discussions with the new Government suggest a difficult few years to come for the UK's Protected Landscapes, which means our priorities for dealing with the Country's

nature and climate emergencies and developing our engagement and health and wellbeing agendas will come under serious pressure.

23. Much of the detail for 2025-26 and future years has yet to be confirmed. This means we have had to make a series of assumption in producing this MTFS. These are set out below.

- Our government grant in 2024/25 is £5.7 million. This included an uplift, of £500k. It was expected that this sum would form part of our Core Grant in future years. In the event, we have now had it confirmed that this uplift has been removed and, at best, we will receive a 'flat settlement' of £5.2m for the coming year. Defra has also indicated it is seeking to replace a proportion of this revenue grant (RDEL) with capital (CDEL) although we have no details yet of what this might entail. The vast majority of the Authority's expenditure is revenue; indeed, our current capital budget for 2025/26 is only £245k. If DEFRA replaces RDEL with CDEL above this figure, it may significantly affect our work programmes for 2025/26 and future years. The Authority is unlikely to receive confirmation of the core grant funding settlement before the end of March 2025. Consequently, we have assumed that our grant will remain 'flat' at £5.2m for the next 3 years.
- In addition, unlike other local authorities, NPAs are explicitly excluded from the £515m Government National Insurance compensation grant. We have asked for assistance with this additional burden from DEFRA and have written formally to the Treasury Minister. Unless the Treasury provide funding to cover this, we will need to find £122k to cover the additional costs.

24. DEFRA has indicated a three-year settlement figure should be notified to protected landscapes in the summer after the completion of the Comprehensive Spending Review (CSR). Consequently, we are recommending a strategy to Members which entails funding our plans and work programmes for 2025-26 through a series of measures: the use of some reserves, some ambitious new income generation targets and, some cuts to programmes. This should create the space we need to understand the consequences of the CSR for the Authority's future work programmes. Should the CSR settlement be as difficult (or more difficult) than our current projections, then we are likely to have to undertake a significant re-structuring of the Authority and its programmes.

25. Although we are planning for a reduction in our work programme for 2025-26, we are still able to undertake and deliver some excellent environmental and engagement/access projects. These are set out below.

- Complete the Tees-Swale: Naturally Connected project – restoring peatland, hay meadows, woodland and other priority habitats across Swaledale and Arkengarthdale.
- Complete implementation of the Coast-to-Coast National Trail through the National Park.

- Continue to provide externally funded Education and Outreach projects: Championing National Parks for Everyone and development of an Active Travel Plan.
- Facilitate Young Rangers, 'Upskill Down Dale' youth engagement programme, and additional apprenticeships, developing skills that lead to employment in the environmental sector.
- Complete the Grow Back Greener programme, supporting the creation of a further 25 ha of native woodland.
- Continue to provide an efficient and effective Development Management service, which meets Government targets.
- Publish a new National Park Management Plan, giving priority to tackling the climate and nature emergencies.
- The further development of the Garsdale to Hawes multi use route.
- Complete preparation of a new Local Plan for the whole National Park and submit it to the Planning Inspectorate for public examination.
- Continue to provide quality visitor facilities and experiences at Dales Countryside Museum and the four National Park Visitor Centres.
- Promote the understanding and enjoyment of the National Park by facilitating the Cheese Festival and Dark Skies Festival.
- Replace aging IT equipment and develop a new website.

Overall position

26. The main features of the proposed MTFS are:

- A balanced budget for 2025/26.
- The Government core **Revenue** Grant is assumed at £5.2m for all 3 years (a cut of £500k from 24/25), and no inflationary increases.
- There is no additional government funding to offset the additional burdens of increases in National Insurance and audit costs.
- The total income for 2025/26 is **£9.7k**, this is higher than we were projecting a year ago (£8.9m) but below our long-standing income objective (£10.2m). The drop in spending compared to 2024/25 is primarily because there is, as yet, no confirmation of the Farming in Protected Landscapes grant scheme (which was worth £2.5m this year). As Members will be aware, new sources of project income are being sought but the lead-in time means they will not start until 2026/27.
- For 2025/26, the planned use of £245k of Capital Reserves for IT, Estates and Plant, and £161k of Earmarked reserves (including the refund of B4RN shares, and use of legacies). £250k of General Reserves are also being used to balance the budget.

Key features of the budget

27. We have been able to retain a 'match funding' reserve of £500k for the coming year. This is critical and enables us to develop and secure external funding for significant projects and programmes, though in light of our financial difficulties we may have to be more flexible in how this fund is used.
28. Staff pay increases have been set at 3% for 2025/26, 2% thereafter (note: each 1% above or below this equates to approximately £50k).
29. The 'vacancy factor' remains at 2.5%, which translates to a required saving of £127k through vacancies in 2025/26.
30. Additional income has been projected for Planning (£10k), Car Parks (£81k), Retail (£63k) and Bank Interest (£68k) based on performance in 2024/25 and an increase to the fee levels in planning and car parks. We believe these are ambitious but attainable.
31. A number of cuts to work programmes have been included in 2025/26 in order to help balance the budget. These include cuts to; the Sustainable Development Fund, National Park Centres, Tourism, Historical Environment, Trees and Woodlands, and Staff/Member Training. Further details can be found in **Appendix 3**.

Beyond 2026/27

32. The position beyond 2025/26 is still unclear but current indications are that it does not look positive. This is for two reasons – one largely within our control, the other less so.
33. The Authority has an objective - **to maintain spending in real terms at 2014/15 levels**. This would require expenditure of £10.2m in 2026/27. The projected budget is currently £9.1m. This reflects the fact that the 'Farming in Protected Landscapes' programme, and the 'Grow Back Greener' project are both scheduled to end in March 2026. New funding streams will need to be identified to fill this gap. Members will be aware that several significant projects are in development. Our previous experience suggests that additional funding will be secured over the next 12 months.
34. The second issue relates to the continuing uncertainty over the Country's public finances in general and NPA finances in particular. The new Government has cut Central and Local Government Spending in 2025/26, and DEFRA have indicated the next three years will be equally tight. Of course, it is difficult to 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 2026/27 onwards remains at £5.2m and that this is revenue grant. Further cuts from 2026/27 or revenue being replaced with capital funding, would likely necessitate a fundamental review of our structures and work programmes.
35. The MTFS covers a three-year period to 2027/28, however, the budget has been extended to 2029/30 in order to map out the longer term. Current projected deficits beyond 2025-26 and before the use of any reserves stand at; 2026/27 - £697k, 2027/28 - £905k, 2028/29 - £918k, 2029/30 - £1.3m.

The Draft Budget: Detail

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

- **Appendix 1: Draft Medium Term Financial Strategy 2025/26-2027/28.** The detailed budget for 2025/26 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 2025/26 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 2025/26.

Equality Impact Assessment

37. 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

38. This year's budget has been balanced using a combination of use of reserves, cuts to a few programmes, and assumptions about additional income. The use of reserves is not sustainable in the long term. If our deficits continue to grow year-on-year, with flat settlements or further cuts in core funding, a more fundamental review of the Authority's structure and work programmes will be required.

39. The draft Budget may be subject to further minor revisions before it is submitted to the Authority for final approval. 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

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Medium Term Financial Strategy 2025/26-2027/28

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Income	(35.1)	(54.6)	0.0	0.0
Education & Outreach Total	189.6	254.2	249.2	254.9
Staff Cost	291.2	207.2	167.5	173.7
Staff income	(149.3)	(55.7)	0.0	0.0
Programme Cost	676.9	694.4	52.3	52.3
Income	(629.8)	(667.6)	(5.5)	(5.5)
Trees & Woodlands Total	189.0	178.3	214.2	220.5
Staff Cost	100.2	109.6	112.7	115.0
Programme Cost	120.3	113.4	118.4	119.4
Income	(89.7)	(89.7)	(89.7)	(89.7)
Dales Countryside Museum Total	130.9	133.3	141.5	144.8
Staff Cost	144.5	155.3	191.8	143.8
Staff income	(20.5)	(20.0)	(51.4)	0.0
Programme Cost	64.5	16.5	36.5	46.5
Income	(38.0)	(20.0)	(20.0)	(20.0)
Historic Environment Total	150.5	131.8	156.9	170.3
Staff Cost	0.0	0.0	0.0	0.0
Programme Cost	23.7	3.7	3.7	3.7
Income	0.0	0.0	0.0	0.0
Landscape Features Total	23.7	3.7	3.7	3.7
Staff Cost	213.8	228.2	233.8	239.6
Staff Income	0.0	0.0	0.0	0.0
Programme Cost	126.6	219.5	142.4	170.8
Income	(6.0)	(13.3)	0.0	0.0
Volunteers and Apprentices Total	334.5	434.3	376.2	410.4

	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
PROGRAMME BIDS				
Staff Cost	124.9	131.4	134.1	136.8
Staff Income	0.0	0.0	0.0	0.0
Programme Cost	20.0	15.0	20.0	20.0
Income	0.0	0.0	0.0	0.0
Tourism Total	144.9	146.4	154.1	156.8
Staff Cost	363.2	396.1	406.6	416.0
Programme Cost	356.2	367.9	385.9	387.8
Income	(347.1)	(409.6)	(409.6)	(409.6)
National Park Centres Total	372.3	354.4	382.9	394.2
Staff Cost	43.1	45.9	46.8	47.8
Programme Cost	155.0	100.0	155.0	155.0
Income	0.0	0.0	0.0	0.0
Sustainable Development Total	198.1	145.9	201.8	202.8
Staff Cost	87.8	93.2	95.1	96.9
Programme Cost	333.8	303.7	310.0	320.1
Income	(951.3)	(1,029.0)	(1,029.0)	(1,029.0)
Car Parks & Toilets Total	(529.6)	(632.1)	(623.9)	(611.9)
Staff Cost	67.7	75.3	76.9	78.4
Programme Cost	11.0	11.0	11.0	11.0
Income	0.0	0.0	0.0	0.0
Recreation Management Total	78.7	86.3	87.9	89.4
PROGRAMME SUMMARY				
TOTAL GROSS PROGRAMME COSTS	10,339.4	7,579.6	6,541.6	6,469.3
TOTAL PROGRAMME INCOME	(6,618.8)	(4,163.1)	(2,994.3)	(2,759.2)
TOTAL PROGRAMME SPEND	3,720.7	3,416.5	3,547.3	3,710.1

	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
CORPORATE EMPLOYMENT & CENTRAL COSTS				
Conservation of the Natural Environment	134.8	140.1	142.9	145.7
Promoting Understanding and Enjoyment	117.1	112.1	116.6	121.4
Communications and Interpretation	202.9	214.6	221.6	227.5
Ranger Service	85.6	89.7	91.4	93.1
Development Planning	0.0	0.0	0.0	0.0
Corporate Services	1,036.0	1,112.0	1,128.2	1,151.9
Vacancy Factor	(122.5)	(127.4)	(125.8)	(127.5)
Other Employee Costs - Corporate Management	20.6	35.9	20.8	21.0
Other Employee Income - Corporate Management	0.0	0.0	0.0	0.0
TOTAL CENTRAL GROSS COSTS	1,474.6	1,576.9	1,595.8	1,633.0
TOTAL CENTRAL INCOME	0.0	0.0	0.0	0.0
Total Corporate Employment Costs	1,474.6	1,576.9	1,595.8	1,633.0
Support Services	241.3	273.7	276.4	294.4
Support Services Income	(210.0)	(228.0)	(160.5)	(160.5)
CEO Support	4.0	4.1	4.2	4.2
CEO Support Income	0.0	0.0	0.0	0.0
Legal Services	25.2	32.4	33.5	34.2
Legal Services Income	(17.0)	(28.0)	(28.0)	(28.0)
Office Accommodation	130.0	130.5	135.8	141.3
Office Accommodation Income	(18.1)	(20.2)	(20.2)	(20.2)
Office Buildings Maintenance	453.0	57.3	32.8	26.1
Health & Safety	6.6	6.7	6.9	7.0
Member Costs	162.7	137.3	143.4	142.0
IT Licences, Consumables and Support	163.0	339.7	237.9	228.6
Communications	71.8	140.4	61.5	62.5
Communications Income	(3.0)	(3.0)	(3.0)	(3.0)
Training	69.1	49.9	63.1	63.1
TOTAL CENTRAL GROSS COSTS	1,326.6	1,172.0	995.4	1,003.5
TOTAL CENTRAL INCOME	(248.1)	(279.2)	(211.7)	(211.7)
Total Central Costs	1,078.5	892.8	783.7	791.8

	2024/25 BUDGET NET £000's	2025/26 BUDGET NET £000's	2026/27 BUDGET NET £000's	2027/28 BUDGET NET £000's
BUDGET SUMMARY				
DEFRA National Park Grant Income	(5,729.8)	(5,229.8)	(5,229.8)	(5,229.8)
Other Income	(6,866.9)	(4,442.3)	(3,206.0)	(2,970.9)
Total Income	(12,596.7)	(9,672.1)	(8,435.8)	(8,200.7)
Gross Expenditure	13,140.6	10,328.6	9,132.8	9,105.8
In-Year Deficit/(Surplus)	544.0	656.4	697.0	905.1
Opportunities Fund	0.0	0.0	0.0	0.0
In-Year Deficit/(Surplus) after Opportunities Fund	544.0	656.4	697.0	905.1
FUNDED BY:				
Matched Funding from Specific Reserves	(60.0)	(161.1)	0.0	0.0
Capital Expenditure Funded from Reserves	(482.7)	(245.3)	(102.1)	(69.7)
General Reserve (if budget balances in 24/25)	(1.3)	(250.0)	0.0	0.0
(Surplus)/Deficit in year	0.0	0.0	594.9	835.4
% Ratio - Salary Costs to Gross Income	46.6%	63.2%	70.1%	70.9%
Non-DEFRA income % of Total Income	54.5%	45.9%	38.0%	36.2%

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Budget assumptions: Costs and income

1. Defra Grant

Defra's grant settlement letter for 2025/26 has not been received, and it is likely that the figures will not be known or confirmed until late March at the earliest. The budget has been set on the basis of a flat cash settlement of £5.2m, without replacement of revenue with capital funding. It is also assumed there will be no compensation for the additional National Insurance or External Audit cost increases.

2. Income from Fees & Charges

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

3. Other Income

Income has been profiled where it has been confirmed, or it is very likely that the projects will proceed. Speculative income has not been included for projects which are currently in the pipeline.

4. Staff Costs

Staff costs have been modelled in detail across the next 5 years to identify potential affordability issues. 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.

% Salary Costs to Gross Income	2025/26	2026/27	2027/28	2028/29	2029/30
Projections as at January 2025	63%	70%	71%	72%	73%

Members had adopted an indicative measure for this ratio of 50%-55%. So, the above figures identify a growing issue. The figures are exacerbated by the increase in NI payments and the projected fall in external income in 2025/26, and again in 2026/27. However, all recent experience is that the actual ratio will be less problematic in 12 months' time (as some new grants and income streams are secured) but in the light of the expected freeze on core grant for a further four years, the situation is likely to remain very challenging.

5. Staff pay and Member allowances

Estimated increases have been kept at:

3% - 2025/26
2% - thereafter

6. Overheads

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

7. 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. The capital budget is £245k 2025/26, £102k 2026/27, and £70k 2027/28. This will be funded by using Earmarked reserves (see **Appendix 5**).

Significant Budget Changes

The changes below highlight significant budgetary changes between the indicative budgets approved by the Authority in March 2024 (for the years 2025/26 – 2027/28), and the revised budget now proposed.

Staffing

1. The National Pay Award for Local Government:

The national pay award for 2024/25 was budgeted at 4% across the board. The pay settlement agreed was £1290 per scale point to scale point 38, (between 9.4% to 2.5%), and an increase of 2.5% for scale point 39 and above.

In 2025/26 the National Insurance rate increases from 13.8% to 15% and the Secondary Threshold reduces from £9,800 to £5,000 (the value where the employer starts to pay NI). This increases our staffing costs by £122k. In addition, there were increases in the National Minimum Wage and Apprentice Wage. This MTFS assumes these changes are across the budgeted period.

There were also a few changes in staff hours and scale points.

2. Increased staffing costs

- Education Trainees - 1 trainee per year for 3 years (25/26-27/28): ~£30k p.a.
- Climate Change Officer - 0.5FTE ~£22k p.a.
- Temporary Development Plan Officer - extend for 6 months £21k (25/26)
- Higher Level Apprentice Historical Environment £32k p.a. (25/26-26/27)

3. Funded Posts (no cost to the Authority)

- FIPL – funding extended £212.4k (25/26), £186.2k (26/27)
- Tees Swale Apprentice (9 months) £13.7k
- Recreation & Health Project Officer ~ £48k (funded by Active Travel 25/26)
- Education & Outreach – Championing NPs £47k (25/26 only)

4. Additional income to offset Salaries

- Wildlife, Ure Dales project - £45.5k cost/£52.4k income (25/26)
- Wildlife, House Birds project - £17k income (25/26-26/27)
- Wildlife, Red Squirrel project - £12k income (25/26)

5. Total Staffing

- The combined result of the above staffing changes equates to a net increase of £314.1k in 2025/26, £211.4k in 2026/27, and £236.3k in 2027/28.

Work Programmes

6. Development Management

- Income increased by £15k p.a. – national fees for householder applications will be doubled from April 2025.

7. Rights of Way

- Increased spend back up to £161k p.a. following the financial agreement with NY Council.
- Increased Income from NYC of £50k p.a. for 2025/26 - 2029/30.

8. Trees & Woodlands

- Spend reduced by £20k (25/26 only) - in light of one-year extension of Grow Back Greener project.
- Grow Back Greener project £662.1k expenditure/income (2025/26 only)

9. Historical Environment

- Reduced Scheduled Monuments budget £10k (25/26 only)
- Reduced Historic Environment budget £10k (25/26 only) - transferred to apprentice budget for higher level apprentice role (25/26 and 26/27)
- Reduced Listed Buildings budget £10k (25/26)

10. Volunteers & Apprentices

- 2 x new Ranger Apprentices, part funded by YDMT (25/26)
- New Corporate Apprentice (25/26)
- New Communications Apprentice (25/26)
- New Higher Level Historical Environment Apprentice (25/26-26/27)
- Increased base budget with new minimum wage and apprentice wage estimates for future apprentices, the budget assumes 3 permanent apprentice places continue after the current staff have completed their term.
- Increases budget by £86.4k 25/26, £21.6k 26/27, and £36.8k 27/28.

11. National Park Centres and Retail

- Removed refurbishment budget £15k (25/26 only)
- Increased retail income by £62.5k p.a., additional net £25k 'profit' after costs of £37.5k.

12. Sustainable Development Fund

- Reduced budget by £55k (25/26 only) – reduced demand for grants in last two years.

13. Car Parks & Toilets

- Net income increased by £77.7k p.a. Income from car park charges increased by £81k and loss of festival income.
- Savings on toilet cleaning and maintenance costs £11k p.a.

14. Central Costs

- Income from Bank interest increased £67.5k
- Legal Services income increased £11k.
- Shared Performance Manager with the North York Moors NPA £23k p.a.
- Overhead costs increased £14k p.a.
- IT costs revised (saving £30.1k 25/26, increased by £61.1k 26/27, and £43.3k 27/28).
- Replacement of website £80k (25/26 only).
- Training budget reduced £13.2k p.a.
- Salary Review £10k (25/26 only)

Work Programme Budgets

(not included in Authority Committee papers)

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 **£3757.8k**.

The Strategy

3. It is proposed that, for 2025-26, 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. However, following receipt of the results of the CSR a fuller review of the Authority's Reserves Strategy will be required.
5. 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.
6. The position at year-end (31 March 2025) 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 2024/25, this is normally in the region of £400k to £600k and covers those projects which do not neatly fit into the financial year. This reserve will come from underspends in 2024/25.
 - The balance of the reserve for the ongoing woodland monitoring obligations until 2030 will be increased by the value attributed to 2024/25 new capital projects completed in year. This balance was not known at the time of writing this report.
 - The balance of the Three Peaks budget will be transferred into a new reserve for future spending.
 - 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

2024/25 year-end financial balance (after taking account of carry-forward budgets).

- The contingency budget will change to 10% of the approved expenditure but is set at the 2024/25 levels here.

		ESTIMATED BALANCE @ 31/3/25	USE OF RESERVES 2025/26
No	Reserve Description	£'000	
1	Contingency Reserve - 10% gross budgeted expenditure 24/25	1312.0	
2	Carry Forward Budgets	TBN	
3	IT Equipment	400.5	(134.4)
4	Property	164.3	(54.0)
5	Plant & Equipment	134.1	(57.0)
6	Attracting Younger People	9.3	(9.3)
7	B4RN Shares	64.4	(64.4)
8	Earmarked legacies	77.9	(72.5)
9	Trees and Woodlands Reserve	248.5	(14.9)
10	Garsdale to Hawes multi use route	231.5	
11	External Funding Match Bid Reserve	500.0	
	Estimated Earmarked Reserves Balance	3,142.5	
	<i>Estimated General Fund Reserve</i>	<i>615.3</i>	<i>(250.0)</i>
	Estimated Total Usable Reserve Balance (based on current budget)	3757.8	(656.5)

Risks associated with the Draft Budget

Risk	Impact	Likelihood	Control / Mitigation
1. DEFRA Core Grant is not as budgeted	High	High/ Moderate	The Budget will need to be re-worked should the grant be lower than a flat settlement, or if the revenue is replaced by more capital than the capital budgeted for 2025/26.
2. Longer term plans are unaffordable	High	High	Projections indicate that our plans for 2026/27 and 2027/28 are unaffordable in their current form, a fundamental review will be necessary when the 3-year financial settlement is received in summer 2025 covering 2026/27- 2028/29.
3. Staff costs in excess of budget	High	Moderate	Staff turnover may not generate the saving from vacancies built into the budget. The Local Government pay award for 2025/26 is not yet agreed. For every additional 1% above budget, the Authority's staff costs rise by ~£50k pa.
4. 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.
5. Unidentified costs missing from budget.	Low	Low	Any significant problems could be managed through a call on the Matched Funding or Contingency Reserve.
6. 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, which has seen a stable income stream to date; prices are being increased in 2025/26. The increasing contribution from external grant income to our budgets is not necessarily accompanied by increased risk: the majority of such income is linked to related expenditure, with no overall net <i>financial</i> impact, although gross income would be impacted.
7. 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.
8. Insufficient Reserves to cover spending plans	High	Low	Managed through the Reserves Strategy (see Appendix 5).

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