



Draft out-turn 2025/26 and capital programme update 2026/27

Summary

1. This report updates Members on revenue and capital budget performance for 2025/26. Overall, the position is a good one being c£730k favourable compared to the working budget. This is broadly consistent with the position reported at P9 and what was assumed in the 2026/27 budget set in March 2026 (in relation to the closing General Fund balance at 31/3/2026). A key driver of this has been in Visitor Services, and particularly car parking income.
2. The £1.5m of capital grant has been fully utilised in year with a significant level of investment in our assets complete.
3. Closedown of the accounts is ongoing so these figures may be amended prior to publication of the accounts (due by 30 June 2026) and are subject to external audit. This report will be presented to Authority 24th June (including any updates if applicable).
4. An updated capital programme for 2026/27 is also presented at Annex 2 following confirmation of the grant amount from DEFRA.

Recommendations:

- a Authority notes the positive year end position**
- b Authority approves the virements of £101k into the Planning Reserve and £156.3k into the investment Reserve**
- c Authority approves the updated 2026/27 capital programme as set out in Annex 2.**

Background

5. Authority approved the 2025/26 capital and revenue budgets in March 2025. Resources Committee, and now the Resources meeting, have monitored performance in year. Resources Meeting on 4th June considered the draft out-turn and proposed capital programme in detail. The only amendment is the inclusion of £250k, for the continued work on the K2T extension project (external grant funded) into the capital programme.

6. These figures are still being finalised as part of preparation of the statutory accounts by 30 June 2026. They will then be subject to external audit. Therefore, these figures may be subject to amendments, although the Authority has a strong track record in terms of having minimal audit adjustments relating to usable reserves.

Budget Monitoring Revenue Position

7. The position on the revenue account for 2026/27 is set out below:

Table 1: General Fund summary

	Original Budget	Working Budget	Actual	Variance
	£000	£000	£000	£000
INCOME				
Government Grants	-5,087.0	-5,216.4	-5,216.4	0.0
Scheme specific Grants	-490.0	-3,572.0	-3,479.0	93.0
Visitor Services Income	-5,165.7	-5,326.7	-5,402.8	-76.1
Other Income	-1,958.3	-1,840.0	-1,923.5	-83.5
Investment Interest	-145.0	-145.0	-257.0	-112.0
TOTAL INCOME	-12,846.0	-16,100.1	-16,278.7	-178.6
EXPENDITURE by Type				
Employees	8,686.9	8,231.8	8,082.6	-149.2
Transport	291.7	292.9	196.1	-96.8
Premises	2,168.3	3,038.5	2,869.8	-168.7
Supplies & Services	2,594.4	4,456.0	4,322.4	-133.6
Third Party Payments	78.6	73.6	78.6	5.0
Depreciation	1,296.3	1,333.8	1,333.8	0.0
TOTAL	15,116.2	17,426.6	16,883.3	-543.3
EXPENDITURE by Service				
Executive Board & Legal	804.8	1,064.6	1,010.4	-54.2
Resources	3,086.6	2,991.2	2,906.6	-84.6
Visitor Services	4,960.2	4,807.5	4,593.4	-214.1
People	609.2	565.6	559.7	-5.9
Communications	564.8	554.7	575.1	20.4
Development Management	1,367.5	1,593.2	1,482.0	-111.2
Strategy & Rangers	3,723.1	5,849.8	5,756.1	-93.7
TOTAL	15,116.2	17,426.6	16,883.3	-543.3
OPERATING (SURPLUS)/DEFICIT	2,270.2	1,326.5	604.6	-721.9
Accounting Adjustments	-1,296.3	-973.6	-973.6	0.0
Corporate pension costs	13.7	13.7	12.1	-1.6
Revenue contribution to capital	0.0	0.0	0.0	0.0
Movement Earmarked Reserves	-663.8	-140.3	-140.3	0.0
Movement General Reserve	-323.8	-226.3	-225.9	0.4
Balanced Revenue Position	0.0	0.0	-723.1	-723.1

Summary of General Fund impact

8. The table above sets out variances against profiled budgets. Explanations for the main variances are as follows:

Income:

9. Scheme specific grants are £93k lower than budgeted. The single largest element relates to the C2C (£81k). This is offset by an equal underspend on expenditure so has no impact on the General Fund. We were unable to deliver all of our anticipated schemes by year end but have some funds aside in reserves to support the costs of finishing off some elements.

10. Visitor Services income and expenditure taken together were £290k favourable to the working budget. This was largely due to:

11. Car parking net income £145k more than budget, following good weather in Q1 and a mid-year price increase.

12. Brockhole was £123k favourable to budget. This included £45k of dilapidations income from previous tenants, £20k of additional income from the Halloween event, and savings on staffing and running costs.

13. TICs were £71k over budget, £46k related to Moot Hall including the cost of making good the property prior to handing back, plus reduced revenues relating to a shortened trading period (prior to closure). Coniston, Hawkshead and Glenridding TICs all had lower trading income (and lower net contribution) than budgeted.

14. Coniston Boating Centre was £92k favourable to budget due to £33k greater income, and c£60k lower costs, including a back dated rates rebate of £25k and the impact of some vacant posts.

15. Other income was £84k greater than budgeted. This is made up of a number of smaller variances, the single largest elements being £20k on planning application fees and £30k relating to commercial income and sponsorship. There was also a £30k shortfall in rental income, £20k for the Ambleside depot which took longer than anticipated to rent out (now let) and £10k at Murley Moss as one

of the tenants left at short notice. We are actively marketing space at Murley Moss.

16. Investment income was £112k higher than budgeted; this is largely as interest rates have not reduced as quickly as we anticipated and cash balances have remained strong.

Expenditure by type:

17. Employee costs were £149k lower than budgeted. £103k of this relates to Visitor Services. There was also £61k lower spend than budgeted within Development Management with some vacant posts and some un-used consultancy budget. There was a net £41k over-performance on the staff vacancy target (ie across the Authority, posts vacant for longer than assumed). This was offset by £50k of one-off unbudgeted costs relating to the end of contracts. £80k of staff time was recharged against the Coast to Coast grant.
18. Transport costs were £98k lower than budgeted. £61k of this related to use of capital funds to purchase of the (previously) leased fleet, £10k lower spend than budgeted on volunteers travel expense claims and £18k lower than budgeted on Members travel expense claims.
19. Premises costs were £169k lower than budgeted. £23k of this relates to lower costs within Visitor Services; £177k relates to lower costs on Coast to Coast trail (offset by higher staff costs and lower grant income). In addition, there were £20k of increased costs in relation to urgent tree safety works.
20. Supplies and services costs were £134k lower than budgeted. £76k of this was cost savings within Visitor Services, £21k related to development management, largely due to lower use of consultants. There was also £29k spend in relation to the TIC review work that was in addition to the budget.

Reserves:

21. In total, the revenue performance is £723k favourable to budget, which is a great result and largely anticipated in the last quarterly monitoring report. This will mainly be credited to the General Fund but there are some movements to other usable reserves that slightly change this, set out below.

22. A specific planning reserve is in place to allow for fluctuations in costs and income relating to planning case work. There was a £101k net underspend on the planning service at year end. As this variance is greater than the Officer delegated limits, Authority are asked to approve the contribution of £101k into the planning reserve.

23. As set out above, Visitor Services has a favourable position of c£290k vs working budget. The position on the trading reserve is shown below:

Table 2: summary of trading reserve position:

	£000
Opening Balance	392
Plus annual contribution budgeted	30
Plus budget revision (£185k relating to parking price increase)	187
Plus trading performance in year	290
Projected closing balance	899

24. The target for the reserve is £500k so £399k will be moved into the General Fund.

25. In total, allowing for planning reserve (-£101k taken to the planning reserve) and trading reserve movements (-£290k taken to the reserve, +£399k over target, net +£109k) this increases the amount into the General Fund from £723k to £731k favourable impact on the General Fund, which is slightly more favourable than projected at P9 (£550k). The main reasons for the improved position are £100k

further improvement on Visitor Services and the finalisation of staff time charged to grants and capital as part of the year end process.

26. The Table below sets out the reserve position at year end. This includes the impact of the proposed reserve movements above. Ignoring the two main contingency reserves (Trading and General), there was an 8% reduction in usable reserves (from £4,083k to £3,761k).

Table 3: Summary of closing reserve positions

Description	Balance 31 March 2025 £000	Transfers to/(from) reserves £000	Current Balance £000
Usable Reserves - capital			
Useable Capital Receipts Reserve	-644.3	66.8	-577.5
Capital Grants Unapplied Reserve	-245.0	0.0	-245.0
Total capital reserves	-889.3	66.8	-822.5
Usable Reserves - revenue			
General Reserve	-1,568.1	-504.8	-2,072.9
Visitor Services Trading	-392.1	-107.9	-500.0
Ring-fenced Funds Reserve	-643.7	127.1	-516.6
External Grants Reserve	-171.9	-2.9	-174.8
Biodiversity Net Gain Reserve	-73.7	-72.3	-146.0
Cumbria Woodlands	-130.3	130.3	0
Investing for our Future	-238.0	190.9	-47.1
Local Plan reserve	-136.0	-95.5	-231.5
Partnership Priorities Reserve	-195.7	-44.5	-240.2
Fix the Fells Reserve	-119.3	24.7	-94.6
Public Rights of Way Reserve	-136.2	-105.9	-242.1
Planning Interim Support Reserve	-232.4	1.2	-231.2
National Parks Portal Reserve	-32.0	-12.2	-44.2
Farming in Protected Landscapes	-223.3	25.7	-197.6
Climate Change Reserve	-10.0	-30.7	-40.7
ATR committed funds reserve	-851.2	119.7	-731.5
Total Usable Reserves	-6,043.2	-290.3	-6,333.5

27. As part of 2025/26 budget setting, DEFRA cut the revenue grant by 8.2%. To address this, Authority approved some one-off use of revenue reserves to allow a balanced budget to be set. This included drawing down from the Investment Reserve £153.6k. Given the position at out-turn, it is proposed that this is credited back to the Investment Reserve to support future income or cost saving projects.

Capital

28. The revised capital programme, including carry forwards was approved by Resources Committee 5th June 2025. This included proposals to spend the £1.5m capital grant. The key risk for the 2025/26 capital programme was ensuring the full value of the grant was spent in year.

29. Spend was £1,847k vs the full year budget of £1,997k. Full details are presented in **Annex 1**. The £1.5m Defra grant has been fully spent in year. There has been a small amount of re-profiling on the PV scheme at Murley Moss where works were not quite complete at year end. K2T bridge works will also be moved into 2026/27.

30. In relation to K2T bridges, 6 bridges are likely to require significant work. The current estimates, based on the tender price for the first three bridges is c£115k per bridge so c£700k in total. The first three bridges are now under contract for delivery during 2026/27.

31. In addition, **Annex 2** presents an updated 2026/27 capital programme for approval. Authority in March 2026 approved most of the spend for 2026/27 but at the time, the confirmation of the capital grant was still pending. Since drafting the MTFS report, DEFRA has issued a Letter of Intent, which sets out funding proposals for 2026/27, including a capital allocation of £1.599M. This is £99K more than earlier indications. The Letter of Intent also includes Access for All funding of £167K. This brings the total funding to £1.766M.

32. There is also an ongoing project for extending the K2T. This would join up the existing route with our Northern Office as part of a wider strategic network of cycle routes (See More Lake District Cycling, SMLDC). This scheme is funded through the Borderlands Inclusive Growth Deal, in partnership with Highways England, Cumberland Council and Westmorland and Furness Council. The K2T extension project is due to invest a further £250k to get the design and procurement stages complete to feed into the final business case. There is some interdependency with partners which could impact the final business case and the funding from Borderlands.

33. All partners have committed to the SMLDC programme. Although it is judged that the risk around the Borderlands funding is low, it is proposed to use the capital support reserve as a specific contingency. This reserve is largely to cover future fleet replacement costs; there would be time to address fleet funding if there was a draw on the reserve due to issues with the Borderlands funding. There are due to be £500k of contributions into the reserve over the next 3 years.

Key Financial Risks

34. The key risks to our ongoing financial position are set out below for noting:

Inflation and pay

35. Inflationary risks remain with CPI at 2.8% for April (3.3% for March 2026). The MTFS has assumed 3.5% for 2026/27 as the cost-of-living salary increase, with employers having offered 3.3%. It is expected that the impact of increased oil prices will start to feed through into CPI later in the year.

36. For 2026/27 to 2028/29 the Authority is due to receive significant rebates from the pension fund. These have been assumed to end in year 4 of the financial plan. There is an opportunity that the fund performance allows continuation of the rebates (c£700k p/a).

Commercial Contribution

37. We have found a partner (Bewilderwood) who is operating our Brockhole site from the 2026/27. There is a risk with this, and other leases, that the agreements expire leaving a reduction in income and/or increased running costs.

Funding and the Financial Environment

38. National Park Grant remains a very significant element of our funding and so a relatively small %age change to this could have significant impacts. However, risks around this feel marginally lower with a three year indicative settlement issued by DEFRA providing some level of commitment to the current level of flat cash.

Special Purpose Vehicle and green finance

39. The Authority is considering a Special Purpose Vehicle (SPV) with neighbouring partners. This is to support Biodiversity Net Gain (BNG) supply locally, and potentially other green finance initiatives.

40. Entering into an SPV creates complexity in terms of governance, accounting for the Authority's share of the entity and financial risk around up-front funding and ongoing liabilities. A business case has been prepared and this is currently undergoing due diligence.

41. An Officer/Member working group is in place to oversee the development of the SPV and any proposals will be brought to Members for scrutiny, prior to decision.

Treasury Management Performance

42. Over the year, our average daily investment was £6.4m. Rates of return are linked to a balanced and prudent risk appetite combined with the need to have access to cash to cover potentially large volumes of project-related spend. Investment opportunities within our risk appetite and portfolio size are very restricted.

43. The 2025/26 investment interest budget was set assuming a drop in rates over the year. The main deposit facility is the CCLA Public Sector Deposit Fund (a AAA rated Money Market Fund). Actual interest was £257k vs budget of £145k. This mainly relates to interest rates being higher than expected but cash balances were also strong.

44. Bank rate dropped to 3.75% in December (down from 4% set in August). It is anticipated that rates will drop further over the medium to long term although it is expected that this will be on a gradual trajectory. Bank rate is not expected to return to the ultra-low rates seen for more than a decade following the financial crisis of 2008. Events in the Middle East are expected to put pressure on inflation in the short term (2.8% for April 2026). While CPI is above the 2% target this

reduces the likelihood of bank rate reductions and could lead to increases, albeit other economic factors also influence the decision.

45. Investments at the end of the period are shown below:

Table 4: Breakdown of holdings by Institution type

Institution type	Holding amount (£000)
Major UK Banks (Current account)	1022
Major UK Banks (Investments)	870
Money Market Funds	5,600
Total	7,492
Average investment balance	6,418

46. The cash position above is broadly consistent with the level of cash backed (usable) reserves set out in table 3. There are strict controls for local government bodies around balanced budget setting and capital financing. This means there is also control on the overall cash position. There can however be fluctuations in the year. The cash balance provides mitigation against fluctuations in working capital, for example timings of payment of core grant by DEFRA.

Disposals

47. There have been no property disposals in the quarter. Members have been briefed previously and have authorised the ongoing work relating to the Brockhole lease. Members are asked to note that activity on disposal of Glenridding Green for a potential social/affordable housing scheme is still live but subject to a solution to Nutrient Neutrality planning requirements.

48. The Property Asset Management Strategy is currently under review. This will review all the categories of properties held by the Authority and at that point, authority for disposal of any additional assets will be sought. This element of work is subject to recruitment of the Lead Surveyor.

Links to Vision, Management Plan and other strategic plans

49. Sustainable finances are core to the delivery of the Business plan, which underpins the Authority's contribution to the Management Plan. Regular budget monitoring is an integral part of the rolling MTFS process to ensure budgets continue to align with the actual financial position and performance.

Proposal

50. The proposal is that Members note the report.

Demonstrating best value

51. Effective financial management is a key element of corporate arrangements to achieve best value. This report relates to corporate budget monitoring and has no direct implications for specific cases relating to demonstrating best value.

Finance considerations

52. These are detailed in the annexes and summarised above.

Risk

53. The key corporate risk being addressed is CO41: "There is a risk that a range of inflationary pressures (pay, utilities, supplies, and services etc.), coupled with a reducing National Park Grant, could continue to place pressure on the Authority's ability to fund and deliver its Business Plan. Failure to deliver against the approved budgets may also lead to material changes to the resources projected in the Medium-Term Financial Strategy." This report addresses risks of failure to meet the approved budgets for 2025/26. The data to-date suggests the risk is very low.

Legal considerations

54. There are no specific legal considerations within the report.

Human resources

55. There are no specific HR considerations within the report.

Diversity implications

56. There are no specific diversity implications in the report.

Sustainability

57. Financial sustainability underpins the Authority's ability to fulfil its ambitions as set out in the Business Plan.

Background papers	2025/26 MTFS and Budget, and 2025/26 Treasury Management Strategy, Authority March 2025
Author / Post	Serena Armstrong, Financial Services Manager (dS151)
Responsible Director	Peter Notley, Head of Resources (S151)
Date written	9/6/2026.

Annex 1 Capital Programme

Name	Original Full Year Budget £	Working Budget Full Year £	Actual Year To Date £	Budget Remaining £	Commentary
Vehicle Fleet Replacements	491,000	538,575	538,575	0	Complete
PM Plant & machinery	0	171,745	176,245	-4,500	Complete - Digger purchased
IT Rolling Replacement Pro	54,700	50,700	50,802	-102	Complete
Northern Office Fit Out	0	17,000	15,824	1,177	Complete
EPOS System	0	40,000	28,836	11,164	Complete
Website	60,000	60,000	55,961	4,039	Will be carried forward to complete 2026/27
Keswick to Threlkeld Bridges	0	225,000	0	225,000	Will be carried forward to complete 2026/27
K2T Extension	0	71,000	134,280	-63,280	Project ongoing, land purchased and design works commenced; grant funded
LDF Bowness Bay IC	0	10,679	10,679	0	Project complete
Southern Office fit out	0	53,000	53,590	-590	Project complete
Murley Moss LED lighting	0	3,500	5,332	-1,832	Project complete
Murley Moss Solar Canopy	0	136,989	137,084	-95	Budget reprofiled, some costs to be met in 2026/27
Glenridding TIC additional solar	0	15,000	14,567	433	Project complete
Brockhole Lift Works	0	16,565	16,565	0	Project Completed
Murley Moss Lift Replacement	60,000	60,000	59,785	215	Project Completed
Capitalisable RoW works	115,000	115,000	115,000	0	Project complete

Name	Original Full Year Budget £	Working Budget Full Year £	Actual Year To Date £	Budget Remaining £	Commentary
Coniston TIC boiler	15,000	0	0	0	Project reviewed in year, decided not to proceed
Brockhole gardeners buggy	12,250	0	0	0	Project reviewed in year, decided not to proceed
Murley Moss boiler	60,000	0	0	0	Project reviewed in year, decided not to proceed
Southern Office solar	0	25,000	21,000	4,000	Project Completed
Northern Office Solar	0	35,110	31,210	3,900	Project Completed
Brown Howe Toilets	0	35,000	38,231	-3,231	Project Completed
Monk Coniston Toilet refurb	0	35,000	35,816	-816	Project Completed
Glenridding Toilet	0	30,000	38,246	-8,246	Project Completed
CBC Ticket Office	100,000	0	0	0	Project reviewed in year, decided not to proceed
Moot Hall boiler	15,000	12,245	12,245	0	Project Completed
Brockhole Lakeshore (Phase 2)	0	2,287	2,287	0	Project Completed
Rydal Shore	0	8,170	8,170	0	Project Completed
Ben Beck, Colwith	0	15,544	15,544	0	Project Completed
UU path Improvements Thirlmere	0	8,000	8,000	0	Project Completed
Grizedale FE Improvements	0	20,472	20,472	0	Project Completed
Howrahs Path Resurface	0	50,000	50,000	0	Project Completed
National Trust accessibility improvements	0	10,000	10,000	0	Project Completed

Name	Original Full Year Budget £	Working Budget Full Year £	Actual Year To Date £	Budget Remaining £	Commentary
Whinlatter FE Improvements	0	25,434	25,434	0	Project Completed
Tenter's Path Grasmere	0	29,684	29,684	0	Project Completed
EV Chargers	0	25,000	30,880	-5,880	Project Completed
MM Boardroom Partitions	0	31,831	31,145	686	Project Completed
Garden shed new roof		0	11,917	-11,917	Project Completed
Brockhole Electrical Improvements	0	13,224	13,224	0	Project Completed
Total	982,950	1,996,755	1,846,632	150,123	

Revised capital programme 2026/27

Project / Spend Area	2026/27 £000
IT Rolling Replacement Programme	56
PM Plant & machinery	76
Vehicle Fleet Replacement	184
Electric Chargers	14
Rights of Way capitalisable works	115
Bridges and Accessibility (Access for All)	167
Website	12
ICT Research & Development	50
K2T Bridges	325
CBC Wendy House Replacement	65
Electric Bike Hire Hawkshead	24
Toilet refurbishment & turnstiles	150
CBC Jetty	45
ANPR Waterhead Car Park	100
Murley Moss Heat Pump	60
Northern Office back up boiler	25
MM Solar (final phase)	29
Green estate signage & Interpretation	50
Car Park Oil Traps	60
Storms Estate BNG works	80
Tree Nursery	25
K2T Closure Gates	20
Equipment	34
K2T Extension	250
TOTAL	2,016

Capital expenditure in 2026/27 will be funded by a combination of DEFRA settlement grant of £1.599M and DEFRA Access for All grant of £167k and Borderlands Inclusive Growth Deal £250k. This means that capital receipts are not diminished, which provides flexibility and the option to fund further capital expenditure in later years.