

2026/27 Capital and revenue budgets, capital strategy, and medium-term financial strategy 2026/27-2030/31

1. Summary

1.1 This paper presents our Capital and Revenue Budgets for 2026/27 for approval. In addition, the Medium-Term Financial Strategy (MTFS, including the Capital Strategy) to 2030/31 is also presented for approval.

Recommendation that:

- a Members note the risks and opportunities set out in the report and the basis of preparation of the budget and Medium-Term Financial Strategy.**
- b Members approve the revenue budget for 2026/27 and capital programme for 2026/27 as set out in Appendix 1 and the supporting annexes.**
- c Members approve the revenue and capital MTFS projections from 2027/28 and 2030/31 including the capital strategy; and**
- d Members authorise the Section 151 Officer to make any adjustments to the budgets or MTFS in the light of the decisions at (a) to (c)**

2. Background

2.1 The MTFS sets out our strategic approach to financial management over the medium term to support the Authority in achieving its Business Plan objectives. It estimates the resources available for service delivery over the next five years, based on assumptions relating to key aspects of the financial environment. The MTFS was presented to Resources Committee on the 26 February 2026.

2.2 Resources Committee thoroughly reviewed the draft MTFS and endorsed it subject to confirmation of the grant settlement. The MTFS proposes a balance budget for the first three years of the plan and a savings requirement in year four and five. It maintains the General Fund and Trading Reserve balances at their target level of £1.5m and £500K respectively, throughout the plan.

2.3 This is based on a number of assumptions, including:

- National Park revenue grant flat cash grant at the 25/26 rate (£5.1M) each year. DEFRA have issued a Letter of Intent to this effect for 2026/27 but at the time of writing a Grant Agreement has not been issued.
- National Park capital grant of circa £1.5M for 2026/27 to 2028/29. No capital grant for last two years of the plan. This is an amendment to the assumption in the FRA following receipt of a Letter of Intent from DEFRA. At the time of writing a Grant Agreement has not been issued, it is expected 2027/28 and 2028/29 will be indicative rather than binding.
- Pension surplus recovery (c£650K) will not extend beyond year three of the plan. This is updated from the FRA as the actuary has now confirmed the rates applicable for the next 3 years.
- Employers pension rate will be 15.8% over the life of the MTFS. This is updated from the FRA as the actuary has now confirmed the rates applicable for the next 3 years.
- Salary inflation will reduce from 3.5% to 2% across the life of the MTFS. This is also an amendment to the FRA and is more in line with the current rate of inflation.
- Brockhole Visitor Centre will be leased to a third party to run with effect 1 April 2026

2.4 DEFRA have issued a Letter of Intent confirming a revenue grant allocation of £5.1M and capital grant allocation of £1.5M for 2026/27. DEFRA have also provided indicative values for the following two years. This three-year indicative settlement from DEFRA provides greater certainty for financial planning and aligns with assumptions already built into the MTFS. For clarity these are set out in para 2.3, above.

2.5 Based on the current assumptions, a limited level of additional resource has been included to support key priorities in the Business Plan for 2026/27 onwards. Most of the growth is restricted to the first three years of the plan, and includes:

- Additional Nature Recovery Ranger (1 FTE, c£55k pa for 3 years)
- Part time World Heritage Site Marketing and Engagement Officer (0.4 FTE, c£21k pa for 3 years)

- Part time Commons Officer (0.5 FTE, c £27k pa for 3 years)
- SVMG Communications Officer (1 FTE, c£45k pa plus £10k operating budget for 3 years)
- Extension of Graduate Historic Environment Assistant (1 FTE, c£35k pa for 3 years)

These will help to address key areas in the business plan around green finance, visitor engagement, conserving our historic and natural environment and supporting our WHS status.

Other considerations

2.6 Inflation is still above the Bank of England's 2% CPI target but is much reduced compared to recent years. This has particular relevance to risks around employee costs. These are the single largest element of the Authority's expenditure. The Authority has little control over the nationally negotiated pay award and typically it is not known with any certainty at the point of agreeing budgets. To mitigate some of the risk in this area the MTFs has assumed 3.5% for 2026/27, CPI to January 2026 was 3.0% however, this is expected to rise in the coming months, at least in part, due to oil prices.

2.7 The Commercial Strategy Board continues to be essential for the Authority to continue making efficiencies. It will help support the Authority to maintain balanced budgets over the medium term. The Commercial Strategy Board will continue to assess new proposals and challenge current operating models. The proposals include some level of contribution to the Investment Reserve to provide funding for activity to support longer term financial sustainability.

2.8 A Capital Strategy is presented within the report, to comply the CIPFA requirements. This sets out the proposed capital programme and funding as well as risks and governance issues. It also makes clear that no capital investments will be pursued that are primarily for financial return. The current investment pipeline as set out in the proposed capital programme includes initiatives that are consistent with the Authority's statutory purposes, are complimentary to existing service provision

and which are proportionate in terms of their financial scale. There is no proposal to take on borrowing to fund new schemes. The proposals include a small level of contribution to the capital support reserve (currently at £0). This is largely in response to the outright purchase (and capitalisation) of fleet costs in 2025/26. The capital support reserve will potentially build up to provide funding towards the next renewal as we have not assumed capital grant beyond year 3 of the plan.

2.9 Known cost pressures and opportunities were presented as part of the Financial Resilience Assessment in November. In addition, any recurring variances flagged through in year monitoring have also been considered by budget holders and integrated into the MTFS where relevant.

2.10 The Authority continues to hold several revenue reserves, each of which has a strategy relating to its purpose and proposed usage over the medium term. The two key contingency reserves, the General Fund and the Trading Reserve, are projected to meet their target balances in each year of the MTFS. Projected revenue reserves and capital resources are set out in Appendix 1, section 6.

2.11 A high level MTFS was presented to Resources Committee in November 2025. This report has updated some of the assumptions as set out above and in Appendix 1.

3. Policy context

Links to Vision and / or Management Plan

3.1 The MTFS sets out our strategic approach to financial management over the medium term to support the Authority in achieving its Business Plan objectives. It estimates the resource available for service delivery over the next five years, based on assumptions relating to key aspects of the financial environment.

Links to Business Plan

3.2 The MTFS is an essential part of the Authority's financial management framework and is integral to delivery of the Business Plan. The Strategy supports Members in their wider decision-making processes and sets the scene for the more detailed budgeting process. Its principles also guide managers in making day to day spending decisions.

4. Options

4.1 Members can approve the budget and MTFS as set out in the recommendations or they can propose amendments, subject to the statutory requirement to set a balanced budget before the start of the financial year.

5. Proposals

5.1 Members are asked to approve the 2026/27 budget and MTFS set out in Appendix 1 of the report.

6. Stakeholder consultation

Name of stakeholder	Consultation response
Resources Committee 19/11/2025	Members approved assumptions used as basis for MTFS preparation
Budget holders	All budget holders are involved in review of budgets, identification of pressures and savings and separate consultation with service users, external counterparties where required
Senior Leadership Team (SLT)	Presented to SLT 9/2/2026. Feedback integrated into the report
Resources Committee 26/02/2026	Members reviewed the draft MTFS in detail

7. Demonstrating best value

7.1 The MTFs underpins the use of resources in the Authority and assists in achieving best value.

8. Finance considerations

8.1 The MTFs sets the strategic direction for the Authority's financial management over the next five years. The assumptions upon which it is based are fundamental and significantly influence the projected costs of service delivery and the resources allocated to the provision of those services.

8.2 The MTFs and budget will provide a framework to monitor whether these assumptions remain reasonable and help frame any further actions required to ensure the Authority's long term financial sustainability.

9. Risk

9.1 There is a risk that, should any of the main assumptions prove to be inaccurate, the budget allocated to service provision for 2026/27 to 2030/31 could be under or over resourced. Some flexibility must be built into the MTFs, and the use of reserves is recommended for this purpose.

9.2 As the medium term global and national economic picture is still uncertain, there are significant risks of volatility to our current projections. This is mitigated by keeping them under review over the course of the financial year, regular reporting to Resources Committee, the implementation of our Commercial Strategy and maintenance of an appropriate reserves' strategy.

10. Legal considerations

10.1 The Authority is required to set a balanced revenue budget for the forthcoming financial year.

11. Human resources

11.1 There are no direct Human Resources implications as a result of this report.

12. Diversity implications

12.1 There are no diversity implications as a direct result of this report.

13. Sustainability

13.1 There are no direct sustainability implications as a result of this report.

Background papers	Financial Resilience Assessment, Resources Committee, 19/11/2025 Draft MTFs, Resources Committee 26/2/2026
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Appendix 1: Medium term financial strategy 2026/27 – 2030/31

1. Introduction

1.1 We are committed to ensuring that our money is managed as effectively as possible. Our Medium-Term Financial Strategy (MTFS) sets out how we will manage our money, in the spirit of continuous improvement, to invest in the park, maximise available resources and maintain financial resilience for the organisation.

1.2 We will use our money to deliver the Business Plan for the National Park and in doing so will support the delivery of the Vision for the National Park through the Partnership Plan. We continue to work with our partners to get the best outcomes for the National Park and the most effective use of our own money.

1.3 We will look to achieve efficiencies and best value in all that we do and will comply with the legal and regulatory frameworks that apply to National Parks for the management of our money.

2. Financial Strategy

Financial Strategy – Near term – 1 year

2.1 In the near term, we will manage our resources as effectively as we can to maximise delivery against the Business Plan and Organisational Strategy in line with the approved budget and MTFS set by Members for the year ahead. We will maintain a balanced budget and will seek to be financially responsive to new opportunities that will allow us to deliver our strategic aims in more commercial and cost-effective ways. We will hold sufficient reserves and contingencies to be able to manage emerging financial pressures and risks that inevitably occur as we move through a financial year, working with Resources Committee to communicate and mitigate the impact of variances from the budget.

2.2 Where appropriate, engagement of volunteers to support service delivery will be encouraged. Current volunteer numbers are c500 with over 30,000 hours of volunteer time spent on LDNPA activities during 2024/25. This is the time equivalent

to c15 full time members of staff and so is a significant in-kind contribution to the work of the Authority. A full report on volunteer activities during 2025/26 will be presented to Resources Committee in June.

Financial Strategy – Medium term – 2 to 5 years

2.3 For our medium-term planning, we will prepare realistic forecasts of future resource needs and funding expectations each year. The overall aim is to ensure balanced budgets can be set whilst maintaining adequate reserve balances. This is within the context of ensuring resources are used efficiently and directed towards delivering the key outcomes of the Business Plan.

2.4 Our MTFS will consider the key aspects of the internal and external financial environment. This will include the timely consideration of:

- Revenue spending projections over the medium term
- Forecasts of available resources over the medium term
- Delivery of the Commercial Strategy to enhance our offer to visitors in line with our statutory purposes and improve financial resource availability
- Plans for delivering business efficiencies
- Investment requirements to deliver the LDNPA elements of the Vision for the National Park within the LDNPA Business Plan
- Capital resource requirements to maintain and develop our assets
- Capital resource availability
- Effective reserve management and use
- Effective treasury management
- Developing project pipelines to secure external funding to achieve our aims

2.5 Resources Committee will oversee the development and implementation of our MTFS to secure the Authority's financial resilience. Authority will approve the strategy, taking on board the advice of the Section 151 Officer and the views of the Resources Committee.

Financial Strategy – Long term – 5 years +

2.6 The MTFS presents a 5-year financial plan. This will be maintained on a rolling basis to reflect anticipated changes in the Authority's internal arrangements as well as the external operating environment. As it is difficult to predict with any degree of certainty beyond this time frame, it is important to ensure the MTFS process is adequately resourced. This will provide a mechanism to identify potential risks and opportunities in a timely manner.

2.7 Over the medium term, we will take a rigorous approach to managing our money using our established revenue principles (see Annex 1). These principles will underpin decision-making, supporting our approach to financial resilience over the medium term.

3. Medium Term Revenue Forecast

Revenue Summary

3.1 The Authority is forecasting a balanced revenue budget in years one to three of the MTFS and a savings target in years four and five. A summary of the key assumptions underpinning this MTFS is contained in Annex 2.

3.2 The last version of the MTFS, approved in March 2025, included a balanced budget for year one, followed by required savings in years two to five. The projection set out in the table below shows a balanced revenue budget in 2026/27 to 2028/29. A savings target has been set for the last two years of the plan. The key reasons for this change in the final two years of the plan relate to:

- Triannual actuarial review of the pension fund resulting in the Authority receiving a c£650K annual rebate for years one to three of the MTFS
- DEFRA grant settlement including c£1.5m capital grant for years one to three of the MTFS, enabling savings on revenue funding of the capital programme and the capitalisation of some rights of way and ICT work

Table 1: Revenue Summary: Proposed budgets 2026/27 to 2030/31

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£000s	£000s	£000s	£000s	£000s	£000s
Income						
Government Grants	-5,216.4	-5,131.6	-5,131.6	-5,131.6	-5,131.6	-5,131.6
Other Grants	-3,256.0	-1,851.4	-1,600.9	-1,595.6	-208.5	-208.5
Visitor Services	-5,400.5	-4,509.4	-4,580.0	-4,517.8	-4,679.2	-4,725.0
Other Income	-1,690.7	-1,681.9	-1,655.0	-1,704.3	-1,687.6	-1,689.0
Investment Interest	-145.0	-130.0	-120.0	-120.0	-120.0	-120.0
TOTAL INCOME	-15,708.6	-13,304.3	-13,087.5	-13,069.3	-11,826.9	-11,874.1
Expenditure						
Capital Financing Costs	1,296.3	1,296.3	1,296.3	1,296.3	1,296.3	1,296.3
Employee Costs	8,864.7	8,100.9	8,138.3	8,175.6	8,120.9	8,296.0
Premises	3,069.9	1,992.8	1,959.1	1,938.3	1,969.7	1,993.1
Supplies & Services	4,188.4	3,659.0	3,459.0	3,500.1	2,125.0	2,136.9
Support	0.0	-165.0	-165.0	-165.0	0.0	0.0
Third Party Payments	84.9	64.9	56.4	58.0	58.1	58.2
Transport	295.7	223.3	222.9	232.9	228.0	233.1
Savings requirement	0.0	0.0	0.0	0.0	-810.9	-1,046.6
TOTAL	17,799.9	15,172.3	14,967.1	15,036.1	12,987.0	12,966.9
Expenditure						
Communications	582.4	656.3	652.4	673.7	607.7	620.2
Development Management	1,601.3	1,358.0	1,371.1	1,311.6	1,341.2	1,371.5
Executive Board & Legal	1,025.4	821.7	832.2	806.3	804.1	821.9
People	603.7	586.1	594.6	607.3	614.8	622.5
Resources	3,074.1	3,056.3	3,098.6	3,188.7	3,254.4	3,296.3
Strategy & Rangers	5,988.6	5,053.1	4,878.7	4,925.1	3,606.3	3,660.1
Visitor Services	4,924.4	3,640.8	3,539.4	3,523.4	3,569.3	3,621.0
Savings requirement	0.0	0.0	0.0	0.0	-810.9	-1,046.6
TOTAL	17,799.9	15,172.3	14,967.1	15,036.1	12,987.0	12,966.9
(SURPLUS)/DEFICIT	2,091.3	1,867.9	1,879.5	1,966.8	1,160.1	1,092.8
Corporate items:						
CERA	0.0	0.0	0.0	0.0	116.8	116.8
Cont to/from GF	-226.3	-43.8	-25.6	-183.5	0.0	0.0
Cont to/from Trading reserve	-202.0	0.0	0.0	0.0	0.0	0.0
Cont to/from Earmarked Reserves	-380.4	40.0	35.7	132.8	-57.3	10.0
IAS 19	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	-1,296.3	-1,296.3	-1,296.3	-1,296.3	-1,296.3	-1,296.3
Corporate pension charges	13.7	-567.9	-593.3	-619.8	76.7	76.7
Projected Revenue Position	0.0	0.0	0.0	0.0	0.0	0.0

3.3 Annex 5 provides a detailed analysis of the information contained in Table 1 by main service area for 2026/27.

3.4 We will split out Strategy and Rangers budgets for 2026/27 reporting, to reflect the current organisational structure.

4. Medium Term Revenue Risks

4.1 Each of our main income and expenditure streams faces several risks over the medium term leading to considerable potential volatility from our main forecast. Our main forecast considers the most likely scenario, along with sensitivity testing, and our reserves help us to manage the degree of variability that could occur over the medium term.

4.2 The sensitivity of the plan to movements in the key income and expenditure lines is summarised in table 2 with further detailed commentary below.

Table 2: Income and expenditure sensitivity

	Flex based on 2026/27		
	1%	5%	10%
Income			
Government Grants	-51.3	-256.6	-513.2
Other Grants	-18.5	-92.6	-185.1
Visitor Services Income	-45.1	-225.5	-450.9
Other Income	-16.8	-84.1	-168.2
Investment Interest	-1.3	-6.5	-13.0
Total	-133.0	-665.2	-1,330.4
Expenditure			
Employees (less IAS 19)	81.0	405.0	810.1
Transport	2.2	11.2	22.3
Premises	19.9	99.6	199.3
Supplies and Services	36.6	183.0	365.9
Third Party Payments	0.6	3.2	6.5
Total	140.4	702.1	1,404.1

Park Grant (NPG)

4.3 The scenario presented is for a flat cash revenue grant (based on the 2025/26 reduced allocation and DEFRA Letter of Intent) and £1.5m capital grant for years one to three of the MTFS. This level of revenue grant has been assumed for all years of the MTFS. No further capital grant has been assumed for 2029/30 and 2030/31. This is an assumption which is subject to DEFRA confirmation.

4.4 DEFRA have issued a Letter of Intent, which includes indicative figures for three years. The indicative nature of the Letter of Intent means that DEFRA reserve the right to amend settlement values in years two and three. A flat cash settlement represents a real terms erosion in spending power. Assuming long term inflation of 2%, the spending power of NPG reduces by c£100k per annum, on a recurring and cumulative basis.

Trading Income

4.5 Visitor Services income represents around 36% of our total income over the life of the MTFS. This assumes the planned lease of Brockhole Visitor Centre to a third party. There remain risks over other areas of trading income, including car parks, Coniston Boating Centres and TIC's. However, these have traditionally been less volatile. A trading reserve target of £0.5m is still included within the MTFS to mitigate against this.

Grant Funding

4.6 Additional grant income is a keyway to support delivery of our aspirations in the Business Plan and Partnership Plan. Several grants have been secured in recent years, the single most financially significant being FiPL. The marked reduction in other grant income that can be seen in Table 1 in 2026/27 relates to the Coast-to-Coast project, which will complete in 2025/26. A further reduction in other grant income can be seen in 2029/30, which marks the projected end of FiPL.

Other Income

4.7 Other income comes primarily from planning fees, property rentals, and licenses. This area tends to be more stable than visitor related income, and the scale

of fluctuation likely to be lower. We continue to forecast this area as accurately as we can, and any negative variability from the main forecast is expected to be met from the General Reserve. All budget holders have reviewed income levels to ensure that these remain reasonable.

Investment Income

4.8 Investment income has been projected at £130k in year one, reducing to £120k thereafter, reflecting the assumption that rates are not expected to go back to the ultra-low values seen pre 2008 but may fall from where they currently are over the medium term. Out-turn investment interest for 2025/26 is now projected at >£200k but the expectation is that rates will continue to fall. If inflation remains above target, interest rates may also remain higher for longer which will be positive for investment returns.

Employee Costs: Pay Awards

4.9 The sensitivity analysis in table 2 illustrates that a 1% variance in employee costs would add c£80k to the budget. This is a significant impact which would ripple through every subsequent year in the plan. Inflation is currently running at 3.0% (January 2026). This continues to put pressure on employers to grant higher cost of living wage increases, albeit this pressure is much reduced compared to the position in prior years.

4.10 The assumptions on pay built into the MTFS are for 3.5% in 26/27, reducing by 0.5% each year to level out at 2% in the last two years of the plan. In its last MPC report (February 2026) BoE inflation projections were that CPI would fall close to 3% early in 2026 and then fall back down to 2% over the year. However, since then war has broken out in the Middle East leading to a significant spike in oil prices which is expected to result in an increase in CPI. The pay assumptions included in the MTFS should mitigate to a degree inflation staying at a higher rate but this will need to be kept under review.

Employee Costs: Pensions

4.11 A full scheme valuation has been undertaken to cover the three years 2026/27-2028/29, which showed that the fund has a net pension asset. This has reduced the underlying employer contribution rate from 18.1% to 15.8% and significantly increased the surplus rebate by over £600K a year. The 15.8% contribution rate has been assumed to continue for the life of the MTFs and the increased rebate assumed for the first three years of the plan, when the next full scheme valuation will be undertaken.

Premises Costs

4.12 Most of the reduction in premises costs shown in Table 1 relates to the Coast-to-Coast project which ends in 2025/26. In addition, electricity costs have reduced by circa £100k. This reflects the removal of electricity costs at Brockhole, and savings generated from solar projects at various locations in 2025/26. It also reflects the full effect of reductions in electricity charges following their peak in 2024/25.

Supplies and Services

4.13 We have not amended the inflation assumptions on supplies and services from the previous MTFs. Budget holders will be expected to work within the budgets (which have a low level of inflation built in) that they have. The exception to this is where there are ongoing contracts linked to some published measure of inflation. As part of the budget setting round, budget holders should have identified these and set appropriate budgets to cover the costs with the expectation that these should be met from existing budgets in the first instance. General price volatility is a key risk and so is reflected in the General Reserve risk assessment.

4.14 There is a significant reduction in budgets in 2029/30. This marks the projected end of FiPL, based on current DEFRA allocations.

Major Programmes: Accountable Body Risks

4.15 We are currently managing several major funding programmes the single largest area being FiPL. The Authority is also in receipt of a significant number and amount of other grants, including but not limited to Nutrient Neutrality and

Biodiversity Net Gain. Some of these grant funds and the associated governance risk may reduce over the MTFS period.

4.16 There is some limited residual risk related to the ESIF LCLD2 programme which although signed off by DLUHC may still be subject to retrospective audit for 10 years following project completion.

4.17 To achieve our aspirations for the National Park we need to continue to act as the accountable body on major schemes that will deliver our aims and ensure that our General Reserve is sufficient to accommodate the financial risks that might emerge from not being able to deliver the projects exactly as the funder required. Our project managers will work to minimise this risk as far as possible, and our track record is historically very good, but there are always a wide range of delivery risks inherent in the management of projects. As such, this risk has been reflected in the General Fund risk assessment in Annex 3.

Revenue Contribution to Capital

4.18 Historically the Authority has funded most of its renewal of operational capital assets from a recurring revenue contribution. The assumed DEFRA capital allocation of circa £1.5m for 26/27 to 28/29 means that this contribution is not required for this period. In 29/30 and 30/31 revenue contribution of circa. £117k will commence again unless alternative capital grants and capital receipts are secured to reduce this requirement and release revenue resources to support other pressures and priorities. Opportunities to achieve capital receipts may be available to the Authority over the medium term, but their timing and value remains uncertain and so nothing is assumed in the plan.

Service Based Financial Risks and Pressures

4.19 In addition to general underlying assumptions, there are also some service based financial risks and pressures that have been identified during developing of the budget and MTFS for 2026/27:

- Brockhole Visitor Centre will be leased to a third party from 2026/27. The initial lease will be for three years with an option to extend for a further 22

years. The MTFS assumes that the lease will continue through the life of the plan. Should the lease end after year three the operating model and associated finances will need to be reviewed and refreshed. The financial impact of this may be adverse.

- A review of TIC's and customer engagement is currently being undertaken, with outcomes and recommendations due in 2026/27. The outcomes of the review may require a degree of remodelling of this service area, although there are no expectations now that this will result in a cost pressure.

5. Strengthening Our Financial Resilience: Managing Financial Risks

5.1 The Authority has a balanced budget for the coming financial year based on current assumptions underpinning the MTFS. These assumptions are considered to be realistic at the point of preparation and have had detailed scrutiny from Resources Committee and Senior Leadership Team in the preparation of the MTFS. They can, however, be subject to change as events unfold and it is important that the Authority has the financial resilience to be able to manage deviations from the main forecast, without putting undue strain on business delivery. There are several ways that the Authority is working to manage its financial risks and strengthen its financial resilience over the medium term:

- Commercial Strategy: We are implementing the Authority's Commercial Strategy, working with the Commercial Strategy Board, and using Strategic Leadership Team and Resources Committee to provide support and scrutiny. The aim is to deliver services in line with our statutory purposes, whilst delivering growth in our income or improving business efficiency. CSB will consider delivery of existing services as well as potential new initiatives.
- Reserves: We continue to actively manage our reserve holdings, in line with their individual strategies, so that we have a greater ability to respond to financial pressures and shocks. Effective reserve growth will also allow the Authority to make investments that will yield future financial benefits, support

“invest to save” schemes and smooth spending between financial years, where appropriate. In setting our MTFS we are also building in appropriate contingencies to support pay variability in the current marketplace.

- Visitor Services Improvements: Significant work has been undertaken in this area, resulting in the Authority’s decision to lease Brockhole Visitor Centre to a third party. This area of Visitor Services represented a substantial financial risk. The decision to no longer directly run the site has mitigated most of this risk.
- Asset Management: We will continue to explore ways to deliver best value from the use of our assets. Our Property Asset Management Strategy is due for review during 2026/27.
- Project Management: We will continue to strengthen our project management procedures and approaches within the organisation, aiming to maximise the delivery of expected benefits in all projects, improving our efficiency and effectiveness. The MTFS includes funding for a project management apprentice who is in post and helping to embed efficient PM methodologies throughout the authority.
- Effective Procurement and Contract Management: We will continue to seek to reduce our cost base through effective procurement procedures and contract management arrangements. Embedding of the new procurement regulations, which come into force in February 2025 has helped to reinforce strong procurement practices across the Authority.
- Engaging Our People: We will work to engage the whole organisation in looking at how we can deliver our services.

5.2 Our Financial Resilience Assessment was considered by Resources Committee in November 2025.

6. Reserves

6.1. We take a medium to long term approach to evaluating our reserve requirements, in the context of the risks inherent in our financial environment. Our aim is to ensure we hold sufficient (but not excessive) reserves to provide financial resilience for the Authority and to deliver Business Plan priorities. This is in line with our important revenue principles. Our reserves can be split into two broad categories, general contingency (General Fund and Trading Reserve) and earmarked reserves. Earmarked reserves may also be split further into those that have been earmarked through an internal policy and those with an external condition on them (e.g. grants or funds allocated through partnerships).

6.2. For resilience purposes, the MTFS planning focusses on the general contingency reserves. An assessment of suitable reserve levels was presented as part of the Financial Resilience Assessment presented to November Resources committee. It is judged that there is no material change to the proposed target levels of the general contingency reserves with the General Fund target balance to remain at £1.5M (minimum £1M) and the Trading Reserve target balance at £0.5M.

6.3. The policy applied to each reserve is included at Annex 4 and the General Fund risk assessment completed as part of the November Financial Resilience Assessment is presented at Annex 3 for reference. Although the MTFS process has flagged some amendments to budgets, there is nothing to suggest a movement away from the £1.5M target. A summary of the projected balances on all revenue reserves is presented below:

Table 3: Projected reserve balance

Closing balances on reserves	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£000	£000	£000	£000	£000	£000
Projected GF position	-1,752.9	-1,709.1	-1,683.5	-1,500.0	-1,500.0	-1,500.0
Visitor Services Trading Reserve	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0
General Contingency Reserves	-2,252.9	-2,209.1	-2,183.5	-2,000.0	-2,000.0	-2,000.0
Ringfenced (internal policy)						
Climate Change	-15.0	-20.0	-25.0	-30.0	-35.0	-40.0
Investment Reserve	-53.2	-153.2	-253.2	-353.2	-353.2	-353.2
Capital Support Fund	0.0	-200.0	-400.0	-500.0	-500.0	-500.0
Partnership Priorities Reserve	-178.7	-178.7	-178.7	-178.7	-178.7	-178.7
Public Rights of Way Reserve	-116.7	-116.7	-116.7	-116.7	-116.7	-116.7
Inquiry Reserve	-168.3	-168.3	-168.3	-168.3	-168.3	-168.3
Restricted (some external limit to use)						
Fipl Reserve	-229.1	-282.5	-282.5	-282.5	-282.5	-282.5
ATR Reserve	-623.2	-307.0	-79.5	-10.8	0.0	0.0
External Grants	-161.9	-166.9	-171.9	-176.9	-181.9	-186.9
Planning Application Fees Increase	0.0	0.0	0.0	0.0	0.0	0.0
Planning Interim Support Reserve	-130.2	-69.8	-49.9	-41.3	-41.3	-41.3
Fix the Fells	-119.3	-119.3	-119.3	-119.3	-119.3	-119.3
Ringfenced Funds	-330.6	-384.0	-357.0	-357.0	-357.0	-357.0
UK National Parks Digital Partnership	-44.2	-44.2	-44.2	-44.2	-44.2	-44.2
BNG Reserve	-73.7	-73.7	-73.7	-73.7	-17.3	-17.3
Total Earmarked Reserves	-2,244.1	-2,284.3	-2,319.9	-2,452.6	-2,395.4	-2,405.4
Total revenue reserves	-4,497.0	-4,493.4	-4,503.4	-4,452.6	-4,395.4	-4,405.4

7. Capital Strategy

7.1 We are committed to ensuring that the Authority's capital spending and investment decisions demonstrate high standards of governance and probity. The Capital Strategy, set out in sections 7 to 13 of this MTFs, aims to ensure that all capital spending, investment and borrowing decisions support the objectives of the organisation, while ensuring affordability, sustainability, and the achievement of priority outcomes.

7.2 It provides guidance on the medium-term capital programme and the use of capital resources by setting out the financial context in which capital expenditure and investment decisions are made. It is based on the 2021 edition of CIPFA's "The Prudential Code for Capital Finance in Local Authorities."

7.3 Our objectives of the Capital Strategy are to ensure that:

- capital spending and investment plans are affordable and proportionate, and meet the strategic objectives of the organisation
- borrowings and other long-term liabilities are within prudent and sustainable
- the risks associated with commercial investments are proportionate to the Authority's financial capacity
- treasury management decisions comply with professional good practice
- decisions are made within a clear and transparent framework of accountability and are subject to effective options appraisal

8. Managing Our Capital Resilience

8.1 We will take a rigorous approach to managing our capital resources using our established capital principles, which reflect the current Prudential Code. These principles support our approach to maintaining capital resilience.

Capital Principal 1: Prudence and Sustainability

8.2 We will manage our capital resources and transactions prudently, ensuring our decisions demonstrate value for money, and are affordable and sustainable for the Authority over the life of the scheme. We will set and monitor prudential indicators on a rolling 3-year basis to ensure capital and treasury decisions demonstrate affordability, prudence and financial sustainability for the Authority.

Capital Principle 2 – Capital Appraisal and Prioritisation

8.3 We will undertake a thorough financial and non-financial appraisal before entering into any capital scheme, investment opportunity, or other capital commitment. We will prioritise schemes, matching scarce resources to meet service delivery and Business Plan priorities to ensure we achieve best value.

Capital Principle 3 – Affordability

8.4 Our prudent capital appraisal process will ensure that whole life costs are considered when assessing capital affordability. This will include an appraisal of the ongoing revenue costs, relevant borrowing costs, maintenance costs, and any other

factors relevant to each individual scheme. Affordability will be considered in the light of the MTFs and any long-term resourcing plans of the Authority.

Capital Principal 4 – Risk Management

8.5 We will ensure that the capital appraisal process provides a robust risk management assessment to support effective decision making. In line with our principles for prudence and affordability, we will ensure that any plausible potential losses from commercial or investment schemes can be absorbed by budgets or reserves without unmanageable detriment to service delivery.

Capital Principle 5 – Capital Income

8.6 To support affordability and value for money we will maximise opportunities to generate capital income to support delivery of the capital programme through capital grants, receipts, and other capital income sources as they become available.

Capital Principle 6 – Capital Receipts

8.7 We will sell assets to maximise capital receipts where these are identified as surplus to requirements through the relevant asset management strategy. We will look to achieve best value through the method and timing of capital asset sales to maximise our capital receipts.

Capital Principle 7 – Borrowing

8.8 We will consider the use of long-term borrowing to fund the capital programme where capital receipts and revenue resources are not available or where this is the most effective method for funding a scheme. We will also consider borrowing from reserves for schemes that generate a strong yield. Borrowing decisions will be compliant with our prudential indicator limits to ensure affordability and that over the medium term, borrowing is only used for capital purposes.

Capital Principle 8 – Treasury Management

8.9 We will manage our treasury management, investment and borrowing decisions in line with the legal and regulatory good practice guidance set out in the

CIPFA Code of Practice for Treasury Management and the Prudential Code. In line with these Codes of Practice, all our treasury management activities will ensure that the security of the principal sums invested, will override considerations of yield.

9. Context for the Capital Strategy

Revenue Contribution to Capital

9.1 Capital expenditure is defined in our Financial Regulations as the acquisition or enhancement of fixed assets, with long term value to the Authority, such as land, buildings, and major items of plant, equipment, or vehicles. To be treated as capital, spending must be £10,000 or more.

9.2 The capital programme is developed as part of the budget setting process each year. Capital bids are prepared by Heads of Service and assessed by the Programme Development Manager, Financial Services Manager, and Head of Resources, prior to consideration by Strategic Leadership Team. The bids are prioritised based on the operational requirements of the organisation, the business case provided, affordability and risk.

9.3 The recommended capital programme is submitted to Members for approval as they are responsible for setting an affordable capital programme before the start of each financial year. The Section 151 Officer advises Members on the affordability of the proposed capital programme to support the decision-making process.

9.4 In year changes to the capital programme due to revised scheme costs or new issues are reported to Resources Committee quarterly. The Section 151 Officer has delegated authority to approve changes up to £50,000, and up to £100,000 with the agreement of the Chair of Resources Committee.

9.5 Responsible officers are required to review their capital forecasts on a monthly basis with their business partner. Oversight is maintained by the Strategic Leadership Team, who receive a monthly budget monitoring report of the progress of capital programme showing the overall capital position against budget.

9.6 The Authority requires capital projects (excluding vehicle and equipment replacements) to use appropriate project management methodology. This ensures that project risks are managed and results are evaluated to confirm that objectives have been achieved.

The Authority’s Capital Asset Profile

9.7 Full details of the Authority’s asset holdings can be found in the 2024/25 statement of accounts, a copy of which is available on the Authority’s website. The nature of the Authority’s property assets or how they are managed has not changed significantly over the past 12 months.

Table 4: Asset base as of 31 March 2025

Number Held 2023/24	Type of Asset	Number Held 2024/25
113	Land and buildings	117
129	Vehicles, Boats & Other Plant	132
66	Computer and General Office Equip	61
40	Community & Investment Assets	36
348		346

9.8 The total value of the Authority’s operational non-current assets was £32m. All of these are owned and fully funded. This provides a solid foundation for service delivery without any debt related charges making a first call on revenue resources. In addition, it holds £6m of investment properties, again all owned and fully funded, in line with the Prudential Code.

9.9 The Authority owns a wide range of land and buildings, which include operational properties used to deliver services, woodlands, commons, a lake and other properties which earn rental income. Our Property Asset Management Strategy (PAMS), although currently requiring a refresh, sets out the longer-term plan for their management. The Authority has ongoing revenue and capital budgets to ensure properties are maintained in good condition.

9.10 Our operational buildings are subject to a condition survey which provides a schedule of maintenance that informs our revenue and capital budget setting for the coming year. Longer term investment planning for key assets will continue to be developed over the medium term.

9.11 For our higher risk land holdings, notably the former mine workings at Greenside and on Caldbeck Common, we have specific inspection regimes in place which inform revenue and capital budget setting over the medium term. The complex nature of these sites, however, carry a degree of financial risk related to reactive management and maintenance.

9.12 The Authority has infrastructure assets worth £8.M largely comprising of the Keswick to Threlkeld Multiuser Trail.

9.13 The Authority also uses many vehicles, boats, plant, and equipment assets to support its on-going operations. To ensure the most efficient and effective use of these assets, replacement schedules are maintained which take account of operational requirements, the useful life of each asset, health and safety obligations and technological developments. We maintain our assets in good condition and allocate capital resources according to their current condition and asset replacement schedules.

9.14 Strategy and Rangers (Park Management) also provided an up-to-date schedule of anticipated sales and replacements. This has been incorporated into the capital programme.

9.15 The corporate fleet budget was reviewed this financial year. The lease hire agreement, which covered approximately half the fleet was due to expire during the year. A best value assessment was undertaken and given the capital grant from DEFRA a decision was taken to purchase replacement vehicles, rather than enter into a new lease hire agreement. This has saved circa £60k in revenue costs on an annual basis. Of the remainder of the fleet, the capital programme allows for circa £90k per annum for renewals. This equates to approximately 2 or 3 vehicles per year, depending on the nature and specification.

Financing Capital Expenditure

9.16 We are currently assuming that DEFRA will allocate the Authority capital grant of circa £1.5m for the first three years of the MTFS. Historically, to ensure affordability over the medium term, our routine capital expenditure relating to on-going replacements and condition survey work has generally been funded through revenue contributions to capital. We will continue in this approach for years four and five of the plan, but for the first three years will fund this expenditure using the DEFRA grant.

9.17 We will continue to explore opportunities to generate capital receipts from the sale of surplus assets to support the capital programme and release revenue resources back to the General Reserve wherever possible - but we will not rely on this in setting a prudent and affordable capital programme over the medium term. Many of our known surplus assets are complex to bring to market, making the timing and value of the receipt difficult to predict. On that basis, revenue funding is the most appropriate and sustainable medium term financing position for the Authority. We have also included some assumed build up in the capital support reserve which further enhances our capital funding resilience.

9.18 In setting the capital programme, and in line with our capital principles, we will also keep abreast of the external funding landscape and regulations to understand if wider resources could be drawn down to finance the programme, such as capital grants or borrowing.

9.19 Where capital receipts arise, we will balance our affordability, and investment needs to determine whether to add priority capital and investment schemes into the programme or whether to reduce any revenue contribution to capital spending (DRF). This approach will ensure that our capital programme is affordable over the medium term whilst allowing flexibility on both spending and capital financing when capital receipts are realised.

9.20 If our total capital resources are insufficient to fund our capital and investment requirements over the medium term then alternative means of financing capital spending will need to be considered, including the need to borrow externally or from

reserves. The Authority is currently debt-free, excluding finance lease obligations. Borrowing could be considered where this is in line the Prudential Code, and specifically:

- the investment is in line with our statutory purposes and consistent with existing services
- there is a sound business case
- the magnitude of investment is proportionate to the Authority's size
- a prudent allowance for Minimum Revenue Provision (MRP) and finance costs tare affordable over the asset's life
- no schemes would be taken on primarily for commercial return

9.21 There would be long-term costs to our revenue budget should we need to borrow to finance capital spending. Examples of revenue costs for a loan of £100,000 are shown in Table 5 below, assuming the loan is paid back in equal instalments that equate to the useful life of the asset funded by the loan. This also assumes that external loan finance is used from the PWLB.

Table 5: Example Annual Costs of Borrowing £100k

Loan Period	MRP	Interest rate %	Interest cost	Annual Cost to Revenue
5 years	20,000	4.74	4,740	24,740
10 years	10,000	5.06	5,060	15,060
20 years	5,000	5.72	5,720	10,720

10. CAPITAL FORECAST 2026/27 TO 2030/31

10.1 Our capital expenditure projections for 2026/27 to 2030/31 are set out in the table below.

Table 6: Capital Programme

Project / Spend Area	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£000	£000	£000	£000	£000	£000
IT Rolling Replacement Programme	51	56	57	58	60	61
PM Plant & machinery	86	0	70	116	26	0
Vehicle Fleet Replacement	538	90	92	94	96	98
Electric Chargers	25	14	14	13	13	13
RoW capitalisable works	115	115	115	115		
Lakeshore Phase 2	5					
K2T Bridge Improvements	225					
K2T Extension	71					
VS EPOS Replacement (tills)	40					
Move to Southern Office	53					
Northern Office - Refit	17					
Murley Moss Office	95					
Bowness IC - Low Carbon Works	14					
Solar Projects	278					
Toilet Refurbishments	110					
Bridges Accessibility	167					
Moot Hall Boiler	15					
Brockhole Lift Works	17					
Brockhole Electrical Improvements	15					
Website	60	55				
New Schemes:						
ICT Research & Development		50	50	50		
K2T Bridges		325	400			
CBC Wendy House Replacement		65				
Electric Bike Hire Hawkeshead		24				
Buttermere Toilets		50				
CBC Jetty		45				
ANPR Waterhead Car Park		50				
Murley Moss Heat Pump		60				
Unallocated Capital Projects		501	702	1,053		
TOTAL	1,997	1,500	1,500	1,500	195	172

Capital Financing Projections

10.2 Our MTFs proposes that all capital expenditure in 2026/27 to 2028/29 is funded by DEFRA capital grant. Thereafter the basic renewal of operational capital assets is funded by revenue contributions and other expenditure is funded by capital receipts, as shown in Table 7. The allocation of capital grant from DEFRA means that capital receipts are not diminished over the life of the MTFs, which provides flexibility and the option to fund further capital expenditure in the last two years of the plan. Alternative funding sources available to fund future capital expenditure includes the

use of the Capital Support Fund (if available) or, where in line with the policy, borrowing.

Table 7: Capital Financing Projections

	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	2030/31 £000s
Capital expenditure	1,997	1,500	1,500	1,500	195	172
Opening resources						
Grant Reserve	245	20	20	20	20	20
Capital Receipts	644	665	687	725	777	732
Financing:						
Direct Revenue Financing	0	0	0	0	-117	-94
Capital salaries	0	0	0	0	0	0
External Grant	-1,772	-1,500	-1,500	-1,500	0	0
Grant reserves	-225	0	0	0	0	0
Capital receipt	0	0	0	0	-78	-78
Borrowing	0	0	0	0	0	0
Total financing	-1,997	-1,500	-1,500	-1,500	-195	-172
Income						
Capital Receipts	21	22	38	52	33	33
Grant received in year	1,772	1,500	1,500	1,500	0	0
Closing Resources						
Grant Reserve	20	20	20	20	20	20
Capital Receipts	665	687	725	777	732	687

10.3 As our future year capital receipts profile is uncertain due to the complex and sensitive nature of potential future sales, we have only included receipt targets that we are reasonably confident of achieving. We anticipate that we will achieve more than the target for capital receipts shown in the table above.

Forecasts for External Debt, Borrowing, Investments and Treasury Management

10.4 **External Debt:** The Authority currently has no external loans and no current plans to take any on over the medium term. The accounting for leases changed on 1

April 2024 and this brought some lease arrangements onto the balance sheet to recognise these as credit arrangements (loans). These totalled £1.296m in 2024/25. The calculation of Prudential indicators now includes these leases, but in terms of the key elements of the Prudential Code, namely affordability and risk management around borrowing, these leases are not judged to pose a significant risk as they don't impact any major assets and they are demonstrably affordable as the costs are already built into the revenue budgets.

10.5 Our Treasury Management Strategy, allows us to borrow where there are insufficient resources to fund the capital programme, or where the proposed investment scheme has an appropriate risk and reward profile that makes borrowing a sound capital financing option. Where the Authority determines that borrowing is the most appropriate financing solution, it will ensure this is within the authorised limit and operational boundaries set by our prudential indicators and the regulatory guidance of the Prudential Code. In line with this Code, we will ensure that borrowing can only be undertaken for capital purposes and it will not be used where the primary purpose is for financial return. We would seek to borrow from the Public Works Loans Board.

10.6 **Treasury Management:** The Authority invests its cash backed reserves in cash deposits with high quality counterparties within the specified time, amount and credit ratings set out in the Treasury Management Strategy. Our holdings average around £5.5m, and this is expected to remain the case over the medium term. We operate with a low-risk threshold on our treasury management investments ensuring our primary aim is the security of the principal sums in line with the Code of Practice for Treasury Management.

10.7 **Investments:** The Authority has several investment properties, which are held for their rental income. In line with our PAMS our aim from these assets is to maximise the income that can be achieved while they remain in our ownership, commensurate with the condition of the asset and the purpose for which it is leased. The Authority will consider the yield from these assets at appropriate junctures and move them to market when the prevailing conditions make it appropriate to do so.

10.8 The Commercial Strategy Board may identify projects that will generate additional income for the Authority requiring investment to bring them to fruition. The Board will request the use of available resources or recommend borrowing where required, to allow financially sound schemes to progress, subject to the restrictions set out at 9.20 above.

10.9 Limits on borrowing will be set in prudential indicators agreed as part of the budget setting each year. Recommendations to borrow will ensure a sound assessment of affordability, prudence, and proportionality in respect of the Authority's overall financial capacity - ensuring plausible losses could be absorbed by the Authority without unmanageable detriment to service delivery. The risk appetite for investment schemes remains low as set out in 9.20 above.

11. AFFORDABILITY OF THE CAPITAL PROGRAMME

Statement from the Section 151 Officer

11.1 As part of the capital budget preparation process, we have taken appropriate measures to ensure, within prevailing constraints, that our capital expenditure estimates are robust. They are built 'from the bottom up' by project holders, who manage capital schemes at the point of delivery and who are therefore most knowledgeable about resource requirements. For some schemes tenders have yet to be completed, where there are variances to budget, authority to commence would follow identification of the resources required and the relevant authority being obtained for any virement.

11.2 During the capital budget development process, significant consultation takes place, with the Strategic Leadership Team, and our Members to assess resource availability. Members debate the assumptions underpinning our budget setting process and provide strategic guidance, considering economic forecasts, Business Plan and Partnership Plan priorities. To this end, the capital estimates process takes account of the best and most up-to-date information available, both in terms of the economic environment and service delivery requirements.

11.3 In this context, capital projections over the medium term are affordable and prudent for the Authority. Resources Committee will keep this under review on a quarterly basis over the medium term, taking advice from the Section 151 Officer, and Heads of Service and adjusting as required to maintain a balanced and affordable position for the Authority.

12. RISK TO THE CAPITAL FORECAST

Capital Income: Receipts

12.1 The Authority has a large property portfolio. Many of these assets are sensitive or complicated (or both) in terms of their potential disposal, making the timing and value of receipts difficult to build into our medium-term projections with any degree of accuracy. As such, no further major asset sales have been assumed to fund the capital programme.

12.2 We continue to work on the achievement of capital receipts, involving Members as schemes progress through the Authority, Resources Committee, and the Property Asset Management Programme Board as appropriate.

Capital Income: Grants

12.3 Our medium-term forecasts do not include capital grants until the point that they are known and can be built confidently into our projections. As a result, capital grants over the medium term are likely to be higher than currently projected as alternative funding sources are achieved. We have assumed 3 years of DEFRA capital grant, the last 2 years of which are indicative, but yet to be fully allocated against.

Capital Project Cost Forecasts

12.4 In forecasting the value of capital schemes in future years, managers have used their professional judgement to estimate the likely cost. As part of the budget setting process each year, managers update costings for previously approved projects and submit new bids for replacement and investment schemes. As individual

schemes are procured in the relevant financial year, once capital resources are in place, there is a risk that the actual costs of a scheme may be higher than we have budgeted, because of inflationary pressure, or materials and contractor availability issues in the supply chain. The budgetary control process manages the allocation of resources, and their subsequent adjustment, where scheme costs are likely to vary from the approved budget.

12.5 As part of the forecasting of future capital schemes a 15-year equipment replacement schedule has been drafted for the Ranger service. While this has been comfortably accommodated within the current MTFS there are increased costs as we move beyond the current MTFS horizon. This will be kept under review and operational requirements considered within funding restraints.

Un-budgeted Capital Spending Pressures

12.6 With the breadth of assets under the Authority's ownership, there is a high degree of risk that a significant asset (such as infrastructure, vehicle, boat, plant, equipment, bridges) could require an unbudgeted and uninsured replacement in any financial year of the medium term. Our medium capital plan provides a modest amount of flexibility, but this would not be sufficient to respond to a significant and urgent capital pressure. Some events would be covered by our insurance policies, but as ever, uninsured risks will remain and fall to the General Reserve, in the absence of a Capital Support Fund. This is considered in our risk assessment for the General Reserve.

13. KNOWLEDGE AND SKILLS

13.1 The Authority has the appropriate skills and knowledge needed to ensure a sound MTFS is managed and maintained.

Finance

13.2 Finance staff are professionally qualified to advise the Authority on all aspects of revenue and capital decision making. We ensure they have the necessary experience and knowledge of how the Authority operates and access to service staff

and information required for them to undertake their roles effectively. They maintain their knowledge and skills through their professional bodies' continuing professional development schemes and through regular training and technical updates from appropriate bodies such as CIPFA (Chartered Institute of Public Finance Accountancy).

Property

13.3 The Property team are professionally qualified to advise the Authority on all property related matters. Valuations are completed in house to a good standard, acknowledged by our external auditor. We are currently recruiting to a Property Assets Manager who will be a RICS registered valuer and will sign off all valuations. In the meantime, valuations will be signed off by an external RICS registered valuer, who has experience of the Authority's assets.

Legal

13.4 The Authority Solicitor is professionally qualified and regulated by her professional body. She undertakes continuing professional development, and the rules of conduct require that she has an appropriate level of skill and expertise to deal with the matter with which she is dealing. She maintains knowledge and skills through regular technical updates from appropriate bodies. In recent years, the legal team has been expanded to include two legal advisors and to bring together other legal, information management and democratic services functions.

External

13.5 Where the Authority uses external advice on matters such as tax, investment and financial appraisal, we ensure advisors have the commensurate skills and experience to undertake the commission.

14. S151 OFFICERS STATEMENT

14.1 As part of the budget preparation process, the Authority has taken measures to ensure that our estimates are robust. Our estimates are reviewed in detail by

budget holders, who manage financial resources at the point of service delivery and who are therefore most knowledgeable about resource requirements. Our budget holders work closely with our Finance Team, who provide both challenge and assistance in the preparation of robust estimates.

14.2 During the process, significant consultation takes place with budget holders, Strategic Leadership Team and our Members. Members debate the assumptions underpinning our budget setting process and provide strategic guidance, considering economic forecasts and the aspirations of our partners. To this end, the estimates process takes account of the best and most up-to-date information available, both in terms of the economic environment and service delivery requirements.

14.3 We acknowledge that there is uncertainty around projections for customer-driven commercial income and around future National Park Grant settlements. Our approach is realistic and prudent about these issues, and our Financial Resilience Assessment and Medium-Term Financial Strategy includes sensitivity analysis to understand the scale of our financial risks and to inform sound financial decision making.

14.4 Our strategic approach to the use of reserves is set out in our Medium-Term Financial Strategy and in addition to our General Fund, we hold several other reserves, earmarked for specific purposes. Our budget includes detailed plans for movements on these reserves over the medium term, linked and reconciled to revenue spending plans to ensure the availability of resources for future spending.

14.5 Our reserves strategy sets out the defined purpose and medium-term strategy for each reserve. Our assessment is currently that our reserves position is adequate; the MTFs includes contributions to the two main general contingency reserves (General Fund and trading Reserve) to leave these at the target balance over the life of the plan.

Annex 1 : MTFS revenue principles

Principle 1 – Prudent Financial Management

We will manage our money prudently, ensuring that our spending plans can be resourced over the medium term. We will make appropriate contingencies and provisions, where these are required, in line with our accounting policies.

Principle 2 – Reserves

We will project our reserves over the MTFS period to ensure balances are appropriate to support our financial resilience. Reserve holdings will be sufficient to meet the risk of exceptional cost pressures, protect service delivery, and provide for future investment funding.

Principle 3 – Growth

Any discretionary service growth will be targeted to meet our Business Plan priorities and be subject to a robust approval process. The approval process will consider available resource, relevant savings to be achieved and Business Plan priorities.

Principle 4 – Income/Contribution

We will seek to strengthen and spread our contribution base through the delivery of our Commercial Strategy. We will consider opportunities to grow income and contribution through appropriate trading, grants, and sponsorship. In line with our Commercial Strategy, we will seek to grow income while respecting the limitations set by our regulatory framework and relationships with local partners. We will ensure that funding bids to external organisations directly support our Business Plan and are properly costed and managed to minimise financial risk. We will also consider divesting from services where contributions reduce or become net costs.

Principle 5 - Staffing

We will only fund additional posts on the establishment that directly deliver our Business Plan and are fully funded. We will review emerging vacancies and

challenge ourselves as to whether there are more creative or cost-effective ways of delivering services. Externally funded posts will support our Business Plan delivery and will have a fully developed exit strategy.

Principle 6 – Efficiency Savings

We will look for efficiency savings in all areas of our work to improve financial resilience and free-up resources to deliver our Business Plan. We will also work with other National Parks and partners to identify areas where there is potential for savings to be achieved.

Principle 7 – Budget Management

We will adopt a rigorous approach to budget management and ensure that all budgets are well managed, properly forecasted and accurately reported. We will comply with all relevant legal and regulatory frameworks for the management and reporting of our money and will train our budget holders to support the achievement of these aims.

Principle 8 – Partnership Working

We will minimise duplication with other agencies operating in partnership in the National Park. This will make the most efficient and effective use of our money to deliver the Vision for the National Park.

Annex 2: Key assumptions underpinning the forecasts

Underlying assumptions where not otherwise disclosed in Annex 2.

Closing reserves balances are as per annex 1, section 6.

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Key Expenditure Assumptions						
Salary Inflation	2.00%	3.50%	3.00%	2.50%	2.00%	2.00%
Employers Pension Rate	18.10%	15.80%	15.80%	15.80%	15.80%	15.80%
Non-wage inflation	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Vacancy Management Savings	£175K	£175K	£175K	£175K	£175K	£175K
Partnership Priorities Budget	£66K	£48k	£50K	£51K	£51K	£51K

Annex 3: General reserve risk analysis (as per November financial resilience assessment)

Item	Comments	Base Value £000	Likelihood %	Risk Value £000
Cash contingency	Minimum working capital balance to support emergency cash flow	600	N/A	600
One off cost provision	Allowance for pressures or unexpected costs emerging.	250	N/A	250
Macro-economic factors - salaries	Potential for further inflationary cost pressures on salaries has reduced but still present. Allow for one episode of 1% increase.	7,882	1%	80
Macro-economic factors - non-pay inflation	There is significantly less volatility around pricing and inflation with CPI now closer to 2% target than immediately post pandemic. However, there are still geopolitical factors that could interrupt supply; allow for 1%.	4,851	1%	50
National Park Grant	Potential reduction to NPG; this is already assumed as a flat grant settlement in the MTFS. This would cover a single episode of grant reduction and allow time to take corrective action if there was a recurring budget reduction. Current Government spending plans pose a risk of public sector funding cuts. Given the rhetoric around public finances under the new administration, it is judged that the risk of this has increased; this may include increased taxation as well as direct grant reduction. Allow for one episode of 5%.	5,132	5%	260

Item	Comments	Base Value £000	Likelihood %	Risk Value £000
Non-visitor services income	circa £2m of other income. Allow for one episode of 10% reduction, excluding planning as mitigated by separate reserve	1,390	10%	140
Grant clawback, DEFRA capital grant, FiPL, C2C etc	Recent track record has been good, some additional risks around use of capitalisation powers, allow for £100k			100
Target estimate				1,480

Annex 4: Reserves strategy

Reserve	Purpose	Medium Term Strategy
General	<p>Held to: -</p> <ul style="list-style-type: none"> • Smooth short-term and medium-term timing differences • Provide a working balance • Provide a contingency for unexpected costs, reduced income and one-off expenses • Protect against the impact of strategic and operational risks becoming material issues 	<p>See risk assessment at Annex 3.</p> <p>Seek to achieve growth in the reserve to £1.5M.</p>
Trading Reserve	To provide medium-term financial resilience by mitigating the risk of commercial contribution falling below expected levels.	Build up to target of £500k. Prioritise windfall income to assist where available.
Investment Reserve	To provide funding to invest in new initiatives that can support delivery of the Commercial Strategy	Top up as funds allow up to £350,000 and use to invest in schemes which will deliver the Commercial Strategy or improve financial resilience.
Capital Support Fund	To provide funding for capital expenditure in the absence of alternative funding	Build up to target of £500k as resources allow
Partnership Priorities Reserve	Held to ensure the delivery of committed schemes through the Partnership and Natural	Use to fund Partnership Priorities schemes in line with the agreed or emerging programme.

	Environment, Historic Environment, and Access and Recreation programme boards.	
Ringfenced Funds	Use to set aside small amounts of funding allocated for specific purposes and projects running between years	Add to and withdraw from reserve as required by proper accounting treatments and the requirements of funding partners
External Grants Reserve	To hold external grant monies until the time they are used to support service delivery	Balance will fluctuate as required, driven by the timings of grant receipts and the associated spending
Fix the Fells	Held to manage income generated from donations, sponsorship and grants and associated expenditure on behalf of the Fix the Fells Partnership	Balance to reflect the income received on behalf of the Fix the Fells Partnership from donations, sponsorship, grants, and other sources to support the delivery programme of Fix the Fells
Climate Change	Held to support specific projects that reduce our own climate change emissions and emissions projects in the Park	Top up from savings from successful climate change projects and use to support new climate change projects.
Windermere Registration	Held to support the management and administration costs of the Windermere Lake Byelaws	Balance maintained and used to smooth out varying annual net costs of administering and managing the Windermere Registration byelaws and other relevant aspects of Windermere Byelaws
Public Rights of Way	Held to support the re-instatement of public rights of way and the upgrade of paths	Top up as funds allow from underspends on RoW budgets to support delivery of specific work

	within the Authority's agency agreement	where delivery timescales may span year end.
Cumbria Woodlands	Held to support the Cumbria Woodlands service	Balance maintained and used to smooth out varying annual net costs of administering and managing the Cumbria Woodlands service. This will be closed at the end of 2025/26 following the end of the partnership.
Planning Reserve	To smooth out variances in the net cost of planning vs budget.	Use to support service delivery as required.
National Parks Portal	To hold partner contributions and cashflow management of the National Parks Portal expenditure.	Hold at level reflecting partner contributions and known / expected expenditure over the coming years.
Planning interim support reserve	A ring-fenced fund specific to supporting the planning service	To be used to support one off costs, no plan to replenish.
FiPL reserve	Specific ring-fenced fund to allow for timing difference resources relating income and expenditure on FiPL activity.	To be utilised in line with timing of FiPL activity.
Local Plan (inquiry) reserve	Resource to be used in the event of local plan production and subsequent inquiry	Build up to circa £300k as resources allow
Committed salary reserve	Used to ring fence reserves that have been committed to future funding of employee costs (e.g. multi-year fixed term contracts).	Contributions set aside as posts are approved; withdrawals made to match the agreed funding for salaries.

Annex 5: 2026/27 Income and expenditure analysis by service

Item	Staff cost £	Other costs £	Income from fees, charges and cost recovery £	Income from grant and donations £	Net £
<u>Delivery costs</u>					
Rangers (RoW)	1,121,975	342,067	-296,236	-123,902	1,043,904
Other ranger costs	581,576	86,536	-140,894	0	527,217
Volunteers	100,756	49,620	0	0	150,376
Car parking	181,915	882,308	-2,874,882	-1,795	-1,812,454
Visitor Management	107,273	65,000	0	-65,000	107,273
Toilets	8,160	131,484	-123,232	0	16,412
Information centres	427,500	399,645	-637,071	0	190,074
Coniston boating centre	222,683	230,512	-684,362	0	-231,167
Education	121,950	38,950	-83,150	0	77,750
Development control	1,308,940	49,055	-660,447	0	697,548
Marketing and communications	491,185	46,271	-19,809	0	517,647
Strategy team	964,647	319,291	-5,000	-250,000	1,028,938
Property team and green estate	333,989	107,637	-91,861	-18,333	331,431
FiPL	93,879	59,933	0	-153,812	0
<u>Head office support</u>					
Programmes team	272,528	21,998	0	0	294,525
Finance	397,180	66,918	0	0	464,098
Insurance	0	323,651	0	0	323,651
ICT	356,990	297,892	-104,135	0	550,748
Legal	259,080	50,239	-10,628	0	298,691
People team	364,399	71,322	0	0	435,721
Members	78,500	27,804	0	0	106,304
Corporate costs	384,288	227,650	-22,000	-27,000	562,938
Vehicle fleet	0	96,552	-25,000	0	71,552
HQ and estate costs	0	470,985	-390,911	0	80,074
<u>Corporate items</u>					
Contributions to/from reserves	0	-3,752	0	0	-3,752
Corporate Pension charges	0	-567,900	0	0	-567,900
Investment interest	0	0	-130,000	0	-130,000
Grant	0	0	0	-5,131,600	-5,131,600
Total	8,179,392	3,891,668	-6,299,618	-5,771,442	0

Item	Staff cost £	Other costs £	Income from fees, charges and cost recovery £	Income from grant and donations £	Net £