

## **2025/26 Capital and Revenue Budgets, Capital Strategy and Medium Term Financial Strategy 2025/26-2029/30**

### **1 Summary**

- 1.1 This paper presents our Capital and Revenue Budgets for 2025/26 for approval. In addition, the Medium Term Financial Strategy (MTFS, including the Capital Strategy) to 2029/30 is also presented for approval. The risks and opportunities presented in the MTFS provide important context for the 2025/26 budget.
- 1.2 A separate report is presented elsewhere on this agenda for approval of the Treasury Management Strategy, Prudential Indicators and the MRP Policy Statement.

**Recommendation that:**

- a Members note the risks and opportunities set out in the report and the basis of preparation of the budget and MTFS;**
- b Members approve the revenue budget for 2025/26 and capital programme for 2025/26 as set out in Annex 1 and the supporting appendices;**
- c Members approve the revenue and capital MTFS projections from 2026/27 to 2029/30 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 7<sup>th</sup> March 2025.
- 2.2 Resources Committee thoroughly reviewed the draft MTFS and endorsed it subject to significant changes verbally updated at the meeting, in relation to the grant settlement. At the time of writing, the detailed settlement for each park has not been confirmed. DEFRA have indicated a 9% cut in the revenue settlement across all parks and this is assumed to be applied as a 9% cut to the LDNPA's revenue grant or c£500k. In addition, £15m of capital grant has also been indicated by DEFRA as a total for all parks. This is assumed to have the first £4m top-sliced to give an equal amount to the revenue cut, back to each park. The £11m remaining is assumed to be split evenly over the 10 parks. This would give LDNPA £1.6m of capital grant.
- 2.3 The 9% is assumed to be a permanent reduction to the baseline revenue grant. The capital grant is assumed to be non-recurring.
- 2.4 Other minor amends have been included for issues identified since the Resources report was finalised, including a further £100k top up of the trading reserve over the life of the plan given the latest projection on it's closing 2024/25 balance.
- 2.5 The March 2025 Resources Committee report included some mitigating actions on the assumption that there may be up to a 10% reduction in revenue grant. Most of these actions have been applied to allow a 2025/26 balanced budget to be presented for approval. Members will note that the MTFS for the later years in the plan has significantly worsened. In simplistic terms this has added £0.5m onto the savings

target of £0.25m, now giving a total of £0.75m by the final year of the plan. This is a significant amount to identify, albeit there is some time to put mitigating actions in place. A list of proposed savings and investments will be presented to Resources Committee in June 2025, which will include allocation of the unapplied elements of the one-off capital grant.

- 2.6 There is also some potential for elements of the FiPL revenue allocation to be swapped with the corporate capital grant. This has not been assumed, if this is agreed, an virement request will be brought to Resources committee which may relieve some pressure on the revenue account for 2025/26. This is likely to be in the region of a one-off £65k.

### **Key conclusions**

- 2.7 This MTFS proposes a balanced budget for 2025/26 with some use of the General Reserve. The scenario shows a balanced position through the life of strategy including contributions to repair the General Fund balance to £1.5m. This assumes very challenging savings targets in later years of the plan that are likely to lead to reductions in some service areas.
- 2.8 The projections are based on a number of assumptions, including:
- 9% cut to LDNPA's revenue grant and a £1.6m, one-off capital grant (consistent with the overall indicative NPA settlement, individual Parks' figures are yet to be confirmed).
  - underlying economic assumptions, such as inflation and pay awards occur as expected
  - Removal of the costs related to services delivered from Brockhole White House for 2025/26, and £50k of income for 2025/26 and 2026/27.
  - Removal of the remaining net cost of Brockhole from 2026/27 onwards with £200k of income from 2027/28
  - Delivery of a further c£750k of savings to be identified in later years of the plan.
- 2.9 The Authority recognises that it is operating in a context of reduced resources and increased financial uncertainty. In order to ensure financial sustainability in the medium term, different service levels and delivery models will need to be considered in time for the 2026/27 budget round.

### **Other considerations**

- 2.10 Inflation still poses risks but has reduced significantly over the past 12 months. It is still above the Bank of England's 2% CPI target (3% for January 2025). 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. The MTFS has assumed 2% for 2025/26; as noted above CPI to January 2025 was running at 3% so there is a potential risk of a higher award and this is reflected in the General Fund balance risk assessment.
- 2.11 The Commercial Strategy continues to be essential for the Authority to continue making efficiencies. The Commercial Strategy Board will continue to assess new proposals and challenge current operating models. It will take a key role in meeting the savings targets through identifying investment opportunities to generate income.

- 2.12 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 (although see comments about Lease accounting and fleet vehicles below).
- 2.13 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 25/26 budget and MTFS where relevant.
- 2.14 The Authority continues to hold a number of 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 over the life of the MTFS although to do this recurring savings are required. Projected revenue reserves and capital resources are set out in Annex 1, section 6.
- 2.15 Technical changes to accounting for leases (International Financial Reporting Standard 16) took effect for all local authorities from 1<sup>st</sup> April 2024. The new standard brings the majority of leased assets 'on balance sheet'. This aims to recognise in local authority accounts that the underlying substance of a lease agreement is an asset acquired through a loan. The Authority has a number of leased assets, mainly property related, that are now effectively on the balance sheet as 'right of use' assets.
- 2.16 Resources Committee approved a delegation to the S151 Officer to make lease vs buy decisions on fleet vehicles, up to a maximum capital value of £425k. This would allow use of the Authority's relatively strong cash position and lower financing costs to "internally borrow" and purchase fleet vehicles outright. This will result in an Minimum Revenue Provision (charge to revenue) similar to the value of actual lease payments, but should result in better value to the authority than purchase through lease. Under the new lease accounting, these assets would appear as funded through borrowing under either scenario.
- 2.17 Should the authority subsequently be in receipt of capital resources, these can be applied to reduce or remove the MRP and generate a revenue saving.

### **3 Policy Context**

- 3.1 The MTFS is an essential part of the Authority's financial management framework and is integral to delivery of the Business Plan. The MTFS 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 proposed amendments, subject to the statutory requirement to set a balanced budget before the start of financial year.

## 5 Proposals

- 5.1 Members are asked to approve the 2025/26 budget and MTFs set out in Annex 1 of the report.

## 6 Stakeholder Consultation

Stakeholder	Consultation Response
November Resources Committee	Budget assumptions paper sent to November Resources Committee, approved assumptions used as basis for preparation.
Budget holders	All budget holders involved in review of budgets, identification of pressures and savings and separate consultations with service users, external counterparties where required.
Senior Leadership Team	Presented to SLT 24 <sup>th</sup> February 2025. Feedback integrated into report.
March Resources Committee	Resources Committee 7 <sup>th</sup> March reviewed the draft MTFs in detail and provided feedback which is included in this updated version.

## 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 This MTFs projects a balanced budget for 2025/26 and options to balance through the life of the strategy including contributions to repair the General Fund balance. This assumes significant savings in later years of the plan. This is based on a number of assumptions, set out in the report.
- 8.3 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 2025/26 to 2029/30 could be under or over resourced. Some flexibility must be built into the MTFs and reserves are held partly for this purpose.
- 9.2 As the medium term global and national economic picture is still uncertain, there are significant risks 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 policy.

## **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 direct result of this report.

Background Papers	Draft MTFS, Resources Committee 7 <sup>th</sup> March 2025 Financial Resilience Assessment, Resources Committee, November 2024. Draft MTFS, Resources 7 <sup>th</sup> March
Author	Peter Notley – Head of Resources, S151 Serena Armstrong – Financial Services Manager, Dep S151
Responsible Officer	Gavin Capstick, CEO
Date Written	11 March 2025

## **Annex 1: Medium Term Financial Strategy and budget 2025/26 – 2029/30**

### **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, maximize available resources and maintain financial resilience for the organization.
- 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 2023/24. 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 2024/25 will be presented to Resources Committee in June.
- 2.3. We will develop and implement a savings and investment plan in time for the 2026/27 budget process.

#### **Financial Strategy – Medium Term – 2 to 5 years**

- 2.4. 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.
- 2.5. 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, as manifested in 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
- 2.6. 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.
- 2.7. The Authority recognises that it is operating in a context of reduced revenue resources and increased financial uncertainty. In order to ensure financial sustainability in the medium term, different service models need to be considered. Unfortunately this may include considering reductions in some service areas.

### **Financial Strategy – Long Term – 5 Years +**

- 2.8. 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.
- 2.9. Over the medium term, we will take a rigorous approach to managing our money using our established revenue principles (see Appendix 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 for 2025/26. The ability to balance subsequent years of the plan is contingent on challenging but achievable savings targets, with further detail on this set out below. A summary of the key assumptions underpinning this MTFS is contained in Appendix 2.
- 3.2. The projection set out in the table below does not include the impact of any proposed savings. The last version of the MTFS, approved in March 2024, included some modest savings assumptions, which rose gradually to £250k per annum. The position below presents a scenario where the plan requires c £1.2m of savings to balance by the final year. The three key reasons for this change relate to:
- 3.2.1. Increased pressures of c£150k per annum from the employers national insurance increase (outside of Visitor Services)
  - 3.2.2. Re-base of Visitor Services budgets to match actual performance leading to a significant reduction in the contribution of c£500k by the final year of the plan, plus contributions to the trading reserve (c£30k) and impact of NI increases (c£50k); total c£600k by the final year of the plan.

3.2.3. Impact of inflation; as a significant element of funding is assumed flat cash, most costs are inflating by at least 2% so every year the plan is rolled forward creates a budget gap of at least c£110k based on the spending power of the NPG reducing in real terms.

**Table 1: Revenue Summary: Proposed budgets 2025/26 to 2029/30 without savings or amendment to grant funding**

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£000s	£000s	£000s	£000s	£000s	£000s
<b>INCOME</b>						
Government Grants	-5,840.0	-5,590.0	-5,590.0	-5,590.0	-5,590.0	-5,590.0
Other Grants	-7,284.0	-489.8	-278.1	-124.3	-118.0	-118.0
Visitor Services Income	-5,857.7	-6,092.3	-6,434.9	-6,421.3	-6,635.9	-6,697.1
Other Income	-1,738.6	-1,958.5	-2,123.9	-2,159.4	-2,211.6	-2,232.5
Investment Interest	-160.0	-145.0	-130.0	-120.0	-120.0	-120.0
<b>TOTAL INCOME</b>	<b>-20,880.3</b>	<b>-14,275.6</b>	<b>-14,556.9</b>	<b>-14,415.0</b>	<b>-14,675.5</b>	<b>-14,757.6</b>
<b>EXPENDITURE by Type</b>						
Employees (excl IAS19)	8,811.7	9,426.8	9,356.4	9,433.1	9,569.8	9,763.5
IAS 19 (pension adjustment)*	1,217.1	0.0	0.0	0.0	0.0	0.0
Transport	307.6	291.7	305.2	305.1	315.2	310.6
Premises	3,232.9	2,191.0	2,231.2	2,198.9	2,223.7	2,241.1
Supplies and Services	8,091.9	3,093.9	3,205.2	3,211.8	3,285.1	3,337.5
Third Party Payments	151.5	78.6	79.9	76.4	78.0	78.1
Depreciation	1,296.3	1,296.3	1,296.3	1,296.3	1,296.3	1,296.3
<b>TOTAL</b>	<b>23,109.0</b>	<b>16,378.3</b>	<b>16,474.2</b>	<b>16,521.6</b>	<b>16,768.1</b>	<b>17,027.1</b>
<b>EXPENDITURE by Service</b>						
Communications	562.6	564.8	547.2	531.5	542.4	552.5
Development Management	1,333.3	1,367.5	1,292.3	1,272.0	1,281.6	1,306.9
Executive Board & Legal	1,089.1	829.1	855.3	864.2	886.5	896.4
People	616.4	609.2	603.2	603.4	614.3	621.9
Resources	3,289.3	3,086.7	3,132.8	3,193.0	3,253.3	3,284.9
Strategy & Rangers	9,989.5	3,838.0	3,820.9	3,791.4	3,821.4	3,884.6
Visitor Services	6,228.8	6,083.0	6,222.5	6,266.1	6,368.6	6,479.9
<b>TOTAL</b>	<b>23,109.0</b>	<b>16,378.3</b>	<b>16,474.2</b>	<b>16,521.6</b>	<b>16,768.1</b>	<b>17,027.1</b>
<b>(SURPLUS)/DEFICIT</b>	<b>2,228.7</b>	<b>2,102.7</b>	<b>1,917.3</b>	<b>2,106.6</b>	<b>2,092.6</b>	<b>2,269.5</b>
<b>Corporate items:</b>						
CERA	139.2	95.5	112.2	115.0	116.8	116.8
Cont to/from GF	285.2	124.8	-6.8	8.6	21.2	21.2
Cont to/from Trading reserve	-390.0	30.0	30.0	30.0	30.0	30.0
Cont to/from Earmarked Reserves	236.9	-401.3	-213.5	-119.9	-44.2	-36.4
IAS 19*	-1,217.1	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	13.4	13.7	74.2	76.7	76.7	76.7
<b>Projected Revenue Position</b>	<b>0.0</b>	<b>669.1</b>	<b>617.1</b>	<b>920.7</b>	<b>996.8</b>	<b>1,181.5</b>

\*IAS19 charges are accounting adjustments with no General Fund impact and are no longer budgeted for

3.3. Significant work is ongoing to identify savings. A large element of those savings already identified relate to Visitor Services. Most of the large increases in net cost noted above are avoided in scenarios where some or all of the Brockhole site is used in a different way. In addition, there are some associated salary savings for posts that are, or will be, vacant by 1<sup>st</sup> April 2025.

- 3.4. The surpluses and deficits above also include some contributions to/from the General Fund which also need to be taken into account. The figures in Table 1 also do not reflect the assumed reduction in revenue grant
- 3.5. Taken together, the position is further adjusted as set out below.

**Table 2: Adjusted revenue position including savings**

	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s
<b>Unadjusted surplus deficit</b>	<b>669.1</b>	<b>617.1</b>	<b>920.7</b>	<b>996.8</b>	<b>1,181.5</b>
<b>Savings and growth implemented</b>					
Remove Brockhole Café and Shop net cost	-146.2	-263.4	-268.9	-274.6	-279.8
Assumed rental income	-50.0				
Vacant posts	-127.1	-129.6	-132.2	-134.8	-137.5
FT AD post	102.8	104.9			
<b>Grant reduction and mitigations</b>					
Assumed Reduction in revenue grant	503.1	503.1	503.1	503.1	503.1
Adjustment for 24/25 DRF financing	-139.0				
25/26 DRF adjustment	-95.5				
Capitalizable RoW work	-115.0				
Use of earmarked reserves	-153.6				
<b>Savings identified in progress</b>					
Brockhole net cost		-248.3	-259.8	-253.3	-260.1
Assumed rental income		-50.0	-200.0	-200.0	-200.0
Trading reserve top up		33.0	33.0	33.0	
Other Savings required		-686.1	-686.1	-736.1	-753.1
<b>Revised</b>	<b>448.6</b>	<b>-119.3</b>	<b>-90.2</b>	<b>-65.9</b>	<b>54.1</b>
General Fund opening	-1,550.0	-1,226.2	-1,338.7	-1,437.5	-1,524.6
Budgeted Contribution to/from general fund	-124.8	6.8	-8.6	-21.2	-21.2
Movement	448.6	-119.3	-90.2	-65.9	54.1
<b>Closing</b>	<b>-1,226.2</b>	<b>-1,338.7</b>	<b>-1,437.5</b>	<b>-1,524.6</b>	<b>-1,491.7</b>

- 3.6. This sets out more clearly that the ongoing work within Visitor Services should significantly address the imbalance in the MTFs. There are significant savings targets in the later years of the plan.
- 3.7. This does assume that the ongoing exercise to address the cost of Brockhole and generate an income from the site is successful. Any shortfall in these lines would increase the savings to be identified.
- 3.8. This position also sets out an assumption of a recurring 9% cut in the revenue grant and the impact of a one-off capital grant of £1.6m. These are based on indicative figures and at the time of writing are yet to be confirmed. Any material amendment to these will be brought back to Resources committee for approval of the necessary virements.
- 3.9. The overall position is that the authority can set a balanced budget for 2025/26, including some one-off use of reserves while keeping the General Reserve well above £1m, but faces some significant financial challenges in the medium term. We are actively pursuing initiatives

that can reasonably be expected to deliver a significant element of the savings required. Further work is required to address a now expected cut in revenue grant.

- 3.10. The plan allows time to address the balance of savings. However, there are risks to this and some of the savings plans may not be delivered. In terms of organisational capacity and resilience, this level of savings will very likely result in reductions to some services.
- 3.11. Officers are satisfied that the grant figures, although not confirmed, are robust enough estimates to be able to propose the 2025/26 budget for approval.

#### 4. MEDIUM TERM REVENUE RISKS

- 4.1. Each of our main income and expenditure streams faces a number of 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 summarized in the table with further detailed commentary below.

**Table 3: Income and expenditure sensitivity**

	Flex based on table 1 2025/26		
	1%	5%	10%
<b>Income</b>			
Government Grants	-55.9	-279.5	-559.0
Other Grants	-4.9	-24.5	-49.0
Visitor Services Income	-60.9	-304.6	-609.2
Other Income	-19.6	-97.9	-195.9
Investment Interest	-1.5	-7.3	-14.5
<b>Total</b>	<b>-142.8</b>	<b>-713.8</b>	<b>-1,427.6</b>
<b>Expenditure</b>			
Employees (less IAS 19)	94.3	471.3	942.7
Transport	2.9	14.6	29.2
Premises	21.9	109.6	219.1
Supplies and Services	30.9	154.7	309.4
Third Party Payments	0.8	3.9	7.9
<b>Total</b>	<b>150.8</b>	<b>754.1</b>	<b>1,508.2</b>

#### National Park Grant (NPG)

- 4.3. It is assumed that the 9% reduction continues through the MTFs period. Assuming long term inflation of 2%, the spending power of NPG reduces by c£100k per annum, on a recurring and cumulative basis.
- 4.4. The anticipated 9% cut will present a significant challenge. Further cuts would add to this. A risk of a cut in core grant is reflected in the General Reserve risk assessment (see Appendix 3). This would only provide short term mitigation while net cost reductions were identified and implemented.

- 4.5. The 2025/26 figures below are what has been put into the 2025/26 budget proposal. This utilizes c£350k of the assumed £1.6m capital grant. The balance of the £503k revenue reduction comes from earmarked revenue reserves. There may be some scope to include elements of these as recurring savings to help meet the future year savings targets, but these would assume either recurring capital grant or some further use of the assumed £1.6m to for example, finance the vehicle purchase or further optimize the capital financing to release 2026/27 DRFs or fund capitalizable RoW work in 2026/27.

	<b>2025/26 £000</b>	<b>Recurring £000</b>
Fund 2024/25 capital DRFs from capital resources and backfill with 2025/26 capital allocation (one off)	139	0
Fund 2025/26 capital DRF from capital resources (recurring element subject to recurring capital allocation)	96	100
Rights of Way work potentially capitalizable – (recurring element subject to recurring capital allocation)	115	115
Use of earmarked revenue reserves (Investment reserve, review of ring fenced funds, one off)	153	0
Purchase fleet cars out-right – this would require c£280k of capital		38
Purchase fleet vans out-right – this would require c£120k of capital		24
<b>Total</b>	<b>503</b>	<b>277</b>

### Trading income

- 4.6. Visitor Services income represents around 44% of our total income over the life of the MTFs, assuming no change to the service model. Although this represents diversity of income, it also presents risks. Over the past 2 years, trading performance has been particularly challenging. Despite initiatives by the service to address the rising costs, work is now ongoing to identify ways to reduce exposure to both trading volatility and the net costs.
- 4.7. There remain risks over other areas of trading income, including car parking, Coniston Boating Centre and TICs. 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

- 4.8. Additional grant income is a key way to support delivery of our aspirations in the Business Plan and Partnership Plan. A number of grants have been secured in recent years, the single most financially significant being FiPL. The marked drop off in grant income that can be seen in Table 1 between 2024/25 and 2025/26 mainly relates to:
- 4.8.1. the assumption of £2.3m of FiPL (and cost) in 24/25 and only a small element of funding of FiPL posts thereafter. There is expectation that FiPL grant schemes will continue into 2025/26, but the final confirmations are pending at the time of writing.
  - 4.8.2. £2.4m of Historic Buildings Renovation Grant (and cost) in 2024/25, not recurring thereafter. There is some expectation that HBRG grant schemes will continue into 2025/26, but no confirmation has been received at the time of writing.
  - 4.8.3. £850k of grant relating the Coast to Coast National Trail in 2024/25, c£50k in 2025/26 and nothing thereafter (with equal and opposite costs). Again, there is a hope of significant funding continuing into 2025/26 but this has not been confirmed at the time of writing.

- 4.8.4. £650k of nutrient neutrality grant income in 2024/25, not recurring (albeit this will fund some fixed term posts in later years of the plan).

Grants are also often awarded in year and budgets will be amended as appropriate if this occurs during 2025/26, along with any adjustments once FiPL, HBRG and C2C allocations have been finalized.

### **Other Income**

- 4.9. 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 or Planning reserve.
- 4.10. Income levels have been reviewed by all budget holders to ensure that these remain reasonable. This has included reductions to anticipated planning fee income based on actual performance in 2024/25. These have been largely offset through the planning reserve (see also service specific issues below in relation to potential planning fee changes).

### **Investment Income**

- 4.11. Investment income has been projected at £145k reflecting the assumption that rates are not expected to go back to the ultra-low values seen post 2008 but may fall from where they currently are over the medium term. Out-turn investment interest for 2024/25 is now projected at >£200k but the expectation is that rates will continue to fall.

### **Employee Costs: Pay Awards**

- 4.12. The sensitivity analysis in table 2 illustrates that 1% variance in employee costs would add c£90k to the budget. This is a significant impact which would ripple through every subsequent year in the plan. Inflation is currently running at 3% (January 2025) and has been marginally above the 2% target level prior to that. 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.
- 4.13. The assumptions on pay built into the MTFs are for 2% throughout the life of the plan. In its last MPC report (November 2024) BoE inflation projections were that CPI would drift back down to 2% over the next 12 months and then stabilize at around this level. 2% is therefore judged a reasonable basis for budgeting. This could be higher but the risk of an award well in excess of 2% feels extremely limited given the CPI level, with any variance perhaps more likely in the +1% range (ie 3%). Some potential for variances to the 2% assumption have been provided for in the General Reserve risk assessment at Annex 4. This would only provide time limited support while net cost reductions were identified.

### **Employee Costs: Pensions**

- 4.14. A full scheme valuation was completed to cover the three year 2023-26 period. This increased the underlying employer contribution rate from 17.4% to 18.1% but removed the annual deficit payment from the prior valuation and replaced this with a surplus rebate. The 18.1% contribution rate has then been assumed to continue, without the surplus rebate (or deficit payment), for 2026/27 onwards. The year end actuarial valuation as at 31<sup>st</sup> March 2024 suggested that the fund had a net pension asset. If this is the case at the next full valuation, there is a possibility that contribution rates could fall. However, nothing will be assumed in the MTFs until the next formal valuation is completed.

## **Premises Costs**

4.15. Premises costs, particularly around utilities have seen significant increases in the last few years. During 2024/25 we saw roughly a 40% reduction in electricity which is the main utility cost for the Authority. Electricity budgets have been reviewed and reduced, however, some indications, such as domestic price caps, suggest that rates may rise again, albeit not to the levels seen during 2023/24. To this end and so the full 40% reduction seen in 24/25 has not been fully mirrored in all years of the plan with c33% reductions applied. These prices will continue to be monitored.

## **Supplies and Services**

4.16. 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.

## **Major Programmes: Accountable Body Risks**

4.17. We are currently managing a number of major funding programmes the single largest area being Farming in Protected Landscapes. The authority is also in receipt of a significant number and amount of other grants, including but not limited to:

4.17.1. Nutrient Neutrality

4.17.2. Historic Building Renovation Grant

4.17.3. Coast to Coast National Trail

Some of these grant funds and the associated governance risks may reduce over the MTFS period. As noted above, final notification has not been received around continuation of HBRG or FiPL grant schemes, the C2C will be in its final year in 2025/26 with funding yet to be confirmed.

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

4.19. 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 Appendix 3.

4.20. On 27<sup>th</sup> February Cumbria Woodlands partnership board voted to dissolve the hosting arrangement due ongoing challenges with financial sustainability. The reserve projection assumes that the Cumbria Woodlands reserve will be fully utilized to cover the costs of an orderly closure of current operations.

## **Revenue Contribution to Capital**

- 4.21. Over the medium term the Authority will continue to fund the majority of its renewal of operational capital assets from a recurring Direct Revenue Financing (DRF) of circa £100k. We will continue to look for capital grants and capital receipts 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.
- 4.22. The position on this may change subject to the actual grant confirmation from DEFRA in future years. In the case that revenue grant is reduced and capital allocation is provided, the DRFs will be switched to capital expenditure, funded from capital resources. This has been assumed for the 2025/26 year already.

## **Impact of lease accounting**

- 4.23. Accounting for leases changed on 1 April 2024. While these changes are presentational and will not result in a cost pressure, or impact the General Fund, it will result in qualifying leases being included on the balance sheet in the form of a right of use asset and corresponding liability. The asset will be depreciated over the life of the leases and the liability will reduce according to the lease payments still to be paid.
- 4.24. Lease payments are required to be split into interest and principle, which in turn requires the Authority to establish a Minimum Revenue Provision (MRP). The recognition of qualifying leases on the balance sheet mirrors credit arrangements such as loans, which means the liability relating to the leases is included when calculating the Authority's capital financing requirement (CFR). This forms part of the Prudential Indicators and following a review of qualifying leases officers estimated qualifying leases to be c£1m.
- 4.25. As part of this MTFs it is proposed that the Authority uses its relatively strong cash position to consider the option to "internally borrow" and purchase fleet vehicles outright. This will result in an Minimum Revenue Provision (charge to revenue) similar to the value of actual lease payments, but should result in better value to the Authority than purchase through lease. Under the new lease accounting, these assets would appear as funded through borrowing under either scenario.
- 4.26. Should the authority subsequently be in receipt of capital resources, these can be applied to reduce or remove the MRP and generate a revenue saving. It is proposed that the option to lease or buy vehicles, and any subsequent changes to capital and revenue budgets, is delegated to the S151 Officer where this does not involve any external loan finance.

## **Service Based Financial Risks and Pressures:**

- 4.27. In addition to general underlying assumptions, there are also a number of service based financial risks and pressures that have been identified during developing the budget and MTFs for 2025/26:
- 4.28. Visitor Services budgets have been fully reviewed in the light of the operating performance 2024/25. These last two years have seen the trading reserve fall from its £500k target balance to £0. A VAT windfall fully replenished the reserve as at April 2024 but performance in year is projected to see this diminish significantly by year end. As set out above, significant increases to the net cost of Brockhole has led to a number of actions being taken to review both the operating model for 2025/26 as well as longer term. A significant element of the savings set out above are based on these actions being able to reduce the exposure to the operating cost and replacing this with a rental income. The savings set out assume no café

or shop/TIC operating during 2025/26 with the assumption that £50k of income can be generated from concessions operating on the site. Lakeshore and grounds activities have however seen a re-base of budgets leading to net increase in cost of c£200k, largely linked to reductions in income targets.

- 4.29. Outside of Brockhole, there are some other cost pressures which are now reflected in the MTFs as a result of actual performance in 2024/25. The LDNPA Membership scheme has not gained momentum in year and so has been removed from the current and future year forecasts (c£100k recurring). In addition, the performance of TIC's has been reviewed against actuals. Hawkshead TIC has been particularly impacted; a business case for investment assumed a higher level of income than has actually been achieved. This income correction has led to c£60k recurring cost pressure.
- 4.30. Planning income is projected to be lower than budgeted during 2024/25 and it is projected that there will be recurring reduction of c£50k p/a going forward. The impact on the General Fund has been largely mitigated by use of the planning reserve and partly by an assumption of a modest annual increase in rates consistent with our inflation assumption. There are proposals by Government for a number of significant price rises, potentially from April 2025. The impact of this has not been reflected in budgets. This will be monitored throughout the year with adjustment made to forecasts if required.

## 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 a number of 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:** Our Visitor Services have set realistic medium term financial contribution targets. As noted above, these pose some significant challenges in terms of net cost increases and work is now ongoing to address this.

- 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 2025/26.
- 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 will help 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 2024.

## 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 (eg 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 appendix 4 and the General Fund risk assessment completed as part of the November Financial Resilience Assessment is presented at Appendix 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 4: Projected reserve balances**

Closing balances on reserves	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000	£000
Projected GF position	-1,550.0	-1,226.2	-1,338.7	-1,437.5	-1,524.6	-1,491.7
Visitor Services Trading Reserve	-250.0	-280.0	-343.0	-406.0	-470.0	-500.0
<b>General Contingency Reserves</b>	<b>-1,800.0</b>	<b>-1,506.2</b>	<b>-1,681.7</b>	<b>-1,843.5</b>	<b>-1,994.6</b>	<b>-1,991.7</b>
<b>Ringfenced (internal policy)</b>						
Climate Change	-10.0	-15.0	-20.0	-25.0	-30.0	-35.0
Investment Reserve	-198.0	0.0	0.0	0.0	0.0	0.0
Partnership Priorities Reserve	-174.3	-174.3	-174.3	-174.3	-174.3	-174.3
Public Rights of Way Reserve	-51.0	-51.0	-51.0	-51.0	-51.0	-51.0
Inquiry Reserve	-136.0	-136.0	-136.0	-136.0	-136.0	-136.0
<b>Restricted (some external limit to use)</b>						
Fipl Reserve	-120.3	-120.3	-120.3	-120.3	-120.3	-120.3
Cumbria Woodlands Reserve	-92.1	0.0	0.0	0.0	0.0	0.0
ATR Reserve	-564.0	-250.8	-122.0	-45.9	0.0	0.0
External Grants	-171.9	-176.9	-181.9	-186.9	-191.9	-196.9
Planning Application Fees Increase	0.0	0.0	0.0	0.0	0.0	0.0
Planning Interim Support Reserve	-166.9	-89.7	-29.2	-9.4	-0.8	-0.8
Fix the Fells	-88.2	-88.2	-88.2	-88.2	-88.2	-88.2
Ringfenced Funds	-163.1	-123.6	-83.2	-42.1	-42.1	-42.1
UK National Parks Digital Partnership	0.0	0.0	0.0	0.0	0.0	0.0
Windermere Registration	-10.1	0.0	0.0	0.0	0.0	0.0
<b>Total Earmarked Reserves</b>	<b>-1,945.9</b>	<b>-1,225.8</b>	<b>-1,006.1</b>	<b>-879.1</b>	<b>-834.6</b>	<b>-844.6</b>
<b>Total revenue reserves</b>	<b>-3,745.9</b>	<b>-2,732.0</b>	<b>-2,687.8</b>	<b>-2,722.6</b>	<b>-2,829.2</b>	<b>-2,836.3</b>

## 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.

### Objectives of the Capital Strategy

7.3. Our objectives from 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 levels
- 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 have been updated to reflect the new 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 of 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**

### **Governance arrangements for the Capital Programme**

- 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. Officers have 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 2023/24 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 5: Asset base as at 31 March 2024**

Number Held 2022/23	Type of Asset	Number Held 2023/24
114	Land and buildings	113
129	Vehicles, Boats & Other Plant	129
73	Computer and General Office Equipment	66
40	Community & Investment Assets	40
356		348

- 9.8. The total value of the Authority’s operational non-current assets was £31m. 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 be reviewed during 2025/26.
- 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 a large number of 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 has also been reviewed. Approximately half of the fleet are EV on a lease hire agreement, which will expire 2025/26. Officers are considering options to replace these EV, including an option to purchase. Any decision will be taken on an affordability and best value basis. Of the remainder, 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. To ensure affordability over the medium term, our routine capital expenditure relating to on-going replacements and condition survey work will generally be funded through revenue contributions to capital. We will 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.
- 9.17. 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.
- 9.18. 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 our 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.
- 9.19. 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. 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 are affordable over the asset's life
  - no schemes would be taken on primarily for commercial return.
- 9.20. 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 6: Example Annual Costs of Borrowing £100k**

Loan Period	MRP	Interest rate %	Interest cost	Annual Cost to Revenue
5 years	20,000	5.06	5,060	25,060
10 years	10,000	5.19	5,190	15,190
20 years	5,000	5.65	5,650	10,650

## 10. CAPITAL FORECAST 2025/26 TO 2029/30

10.1. Our capital expenditure projections for 2025/26 to 2029/30 are set out in the table below.

**Table 7: Capital Programme**

Project / Spend Area	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
IT Rolling Replacement Programme	54	55	56	57	58	59
PM Plant & machinery	56	0	0	70	116	26
Vehicle Fleet Replacements	89	91	92	94	95	97
Vehicle Fleet Replacements – buy outright leased fleet		400				
EV Electric Chargers			14	14	14	14
Brockhole Lakeshore Phase 2	125					
K2T Multi User Trail Extension	78					
LDF Bowness Bay IC	55					
Website	0	60				
Ravenglass Toilets	23					
Coniston Jetty	70					
Murley Moss LED Lighting	45					
Move to Southern Office - fit out	113					
EPOS Replacement	40					
Murley Moss Office Alterations	20					
Northern Office	10					
Hawkshead TIC	6					
Murley Moss Solar Car Park Canopy	14					
DEFRA Access Projects	102					
Safety Boat Replacements	15					
Storm Arwen Repairs	53					
<b>New schemes:</b>						
Capitalisable RoW works		115				
Murley Moss Lift Replacement		60				
CBC Ticket Office Replacement		100				
Coniston TIC & Keswick TIC Boiler Replacement		30				
Murley Moss Heat Pump Boiler Replacement		60				
Brockhole Garden Electric Buggy Replacement		12				
<b>Total</b>	<b>968</b>	<b>983</b>	<b>162</b>	<b>235</b>	<b>283</b>	<b>196</b>

## Capital Financing Projections

10.2. Our MTFS proposes that basic renewal of operational capital assets are funded by revenue contributions over the medium term, as shown in Table 7. Additional in-year requirements will need to be funded by alternative funding sources such as emerging capital receipts, use of the Capital Support Fund (if available) or, where in line with the policy, borrowing.

**Table 7: Capital Financing Projections**

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s
<b>Capital expenditure</b>	<b>968.3</b>	<b>982.9</b>	<b>162.7</b>	<b>235.0</b>	<b>283.4</b>	<b>195.8</b>
<b>Opening resources</b>						
Grant Reserve	252.0	174.0	1,381.3	1,381.3	1,381.3	1,381.3
Capital Receipts	820.0	437.8	271.6	245.1	163.1	48.5
<b>Financing:</b>						
Direct Revenue Financing	0.0	0.0	-114.2	-115.0	-116.8	-116.8
External Grant	-405.2	-395.7	0.0	0.0	0.0	0.0
Grant reserves	-78.0	0.0	0.0	0.0	0.0	0.0
Capital receipt	-485.2	-187.3	-48.5	-120.0	-166.6	-79.0
Borrowing*	0.0	-400.0	0.0	0.0	0.0	0.0
<b>Total financing</b>	<b>-968.3</b>	<b>-982.9</b>	<b>-162.7</b>	<b>-235.0</b>	<b>-283.4</b>	<b>-195.8</b>
<b>Income</b>						
Capital Receipts	103.0	21.0	22.0	38.0	52.0	33.0
Grant received in year	405.2	1,603.0	0.0	0.0	0.0	0.0
<b>Closing Resources</b>						
Grant Reserve*	174.0	1,381.3	1,381.3	1,381.3	1,381.3	1,381.3
Capital Support Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Investment reserve	281.0	281.0	281.0	281.0	281.0	281.0
Capital Receipts	437.8	271.6	245.1	163.1	48.5	2.5

\*This relates purely to the buying outright of vehicles in favour of leasing, as delegated to the s151 Officer at Resources on 7<sup>th</sup> March.

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 will bring some lease arrangements onto the balance sheet to recognise these as credit

arrangements (loans). The calculation of Prudential indicators now includes these leases with the initial estimate that these qualifying leases do not exceed £1m. 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 where necessary.
- 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 £4m 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 principle sums in line with the Code of Practice for Treasury Management.
- 10.7. **Investments:** The Authority has a number of investment properties, which are held for their rental income. In line with our PAMS our aim from these assets is to maximize 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 make use of the Investment Reserve or may request use of other 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, taking into account 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 considered to be affordable and prudent for the Authority and are relatively low in risk. 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 making adjustments as required to maintain a balanced and affordable position for the Authority

## **12. RISKS TO THE CAPITAL FORECAST**

### **Capital Income: Receipts**

- 12.1. The Authority has a large property portfolio and a number of assets have been identified as being no longer required for strategic or operational purposes and therefore available for disposal to a responsible alternative owner. 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.

### **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, as a result 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).

13.3. Changes to the breadth and volume of our Visitor Services activities and the need to upgrade the Authority's financial systems place pressure on the availability and responsiveness of financial support. Progress is being made; the finance system was upgraded during 2022/23 and finance business partnering is embedded within the Authority with greater challenge and support being provided to budget holders.

#### **Property**

13.4. The Property team are professionally qualified to advise the Authority on all property related matters. The Property Services Manager is a RICS registered valuer. Valuations are done in house to a good standard, acknowledged by our external auditor.

#### **Legal**

13.5. 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 particular matter with which she is dealing. She maintains knowledge and skills through regular technical updates from appropriate bodies. During 2024/25 the legal team was further expanded to include a third solicitor and to bring together other legal, information management and democratic services functions.

#### **External**

13.6. 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 DISCLOSURES SPECIFIC TO 2025/26 BUDGET SETTING**

14.1. Most of the information above on the MTFS is relevant to both the approval of the 2025/26 budget and the forward projections. In addition there are some further disclosures included below specific to approval of the 2025/26 budget. This includes the sign off by the S151 Officer and additional budget detail. The budget detail is presented in the appendix below as follows:

- Appendix 5 – 25/26 consolidated budget summary

## **15 SECTION 151 OFFICER'S STATEMENT**

### **The Robustness of the Revenue Estimates**

- 15.1. As part of the budget preparation process, the Authority has taken measures to ensure, within the prevailing constraints, 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.
- 15.2. 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, taking into account 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 environments and service delivery requirements.
- 15.3. We acknowledge that there is uncertainty around projections for customer-driven commercial income and also around future National Park Grant settlements. Our approach is realistic and prudent with regard to 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.

### **The Adequacy of Reserves**

- 15.4. 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 a number of 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 so as to ensure the availability of resources for future spending.
- 15.5. 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 into the two main general contingency reserves (General Fund and trading Reserve) to bring these up to target balance over the life of the plan.

## **Appendix 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.

## Appendix 2: Key Assumptions underpinning the Forecasts

Underlying assumptions where not otherwise disclosed in Table 1.

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

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Key Expenditure Assumptions</b>						
Salary Inflation	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Employers Pension Rate	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%
Non-wage inflation	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%
Vacancy Management Savings	£150K	£150K	£150K	£150k	£150k	£150k
Partnership Priorities Budget*	£92K	£94K	£96K	£98K	£100k	£102k

\*c£30k of this is committed annually to part fund staff who support partnership activity.

**Appendix 3: General Reserve Risk Analysis (as per November Financial Resilience Assessment).**

There are a number of risks and operational matters against which it is prudent to hold cash funding in the General Reserve as follows:

Item	Comments	Value Base figure £000	Likelihood %age	Value £000
Cash contingency	Minimum working capital balance to support cash flow (approx. 1 x monthly salary run, plus 1 x weekly supplier payment)	550	N/A	550
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.	8,780	1%	88
Macro-economic factors - non-pay inflation	There is significantly less volatility around pricing and inflation with CPI now closer to 2% target. However, there are still geopolitical factors that could interrupt supply; allow for 1 episode of 1%.	5,649	1%	56
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%.	5,590	5%	280
Non-visitor services income	circa £1,700k of other income (including planning, non-VS rentals, cost recovery for woodlands work). Allow for one episode of 10% reduction.	1,701	10%	170
Accountable body	FIPL, HBRG and C2C c£5m exposure. Recent track record has been good, allow for £100k which equates to 2%.	5,000	2%	100
				<b>1,494</b>

#### Appendix 4: Reserves Strategy

<b>Reserve</b>	<b>Purpose</b>	<b>Medium Term Strategy</b>
General	<p>Held to:-</p> <ul style="list-style-type: none"> <li>• Smooth short-term and medium-term timing differences</li> <li>• Provide a working balance</li> <li>• Provide a contingency for unexpected costs, reduced income and one-off expenses</li> <li>• Protect against the impact of strategic and operational risks becoming material issues</li> </ul>	<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.	Target balance of £500k.
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 £350k and use to invest in schemes which will deliver the Commercial Strategy or improve financial resilience. May be used as a revenue contingency.
Partnership Priorities Reserve	Held to ensure the delivery of committed schemes through the Partnership and Natural Environment, Historic Environment, and Access and Recreation programme boards.	Use to fund Partnership Priorities schemes in line with the agreed or emerging programme.
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. Recurring £5k contribution included as part of the budget.
Windermere Registration	Held to support the management and administration costs of the Windermere Lake Byelaws	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 following the December 2015 floods and the	Top up as funds allow and external funding potential clarified.

<b>Reserve</b>	<b>Purpose</b>	<b>Medium Term Strategy</b>
	upgrade of paths within the extension area	
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.
Planning reserve	A ring fenced fund specific to supporting the planning service	To be used to support one off costs; underspends relating to the planning service will be contributed to this reserve for use on future planning related costs.
Inquiry Reserve	Held to meet only the exceptional costs of a public enquiry	Seek to reinstate some resource over the life of the MTFS
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.
Committed Salary Reserve	Balances from other reserves identified to pay for fixed term staffing costs are moved into here.	Contributions set aside as posts are approved; withdrawals made to match the agreed funding for salaries.

## Appendix 5: Budget summary

The table below summaries Annex 1 Tables 1 and 2 to demonstrate an overall balanced budget for 2025/26

	2025/26 Unadjusted £000s	Adjustment £000s	2025/26 budget £000s
<b>INCOME</b>			
National Park Grant estimate	-5,590.0	503.0	-5,087.0
Other Grants	-489.8		-489.8
Visitor Services Income	-6,092.3	926.5	-5,165.8
Other Income	-1,958.5		-1,958.5
Investment Interest	-145.0		-145.0
<b>TOTAL INCOME</b>	<b>-14,275.6</b>	<b>1,429.5</b>	<b>-12,846.1</b>
<b>EXPENDITURE by Service</b>			
Communications	564.8		564.8
Development Management	1,367.5		1,367.5
Executive Board & Legal	829.1	-24.3	804.8
People	609.2		609.2
Resources	3,086.7		3,086.7
Strategy & Rangers	3,838.0	-115.0	3,723.0
Visitor Services	6,083.0	-1,122.7	4,960.3
<b>TOTAL</b>	<b>16,378.3</b>	<b>-1,262.0</b>	<b>15,116.3</b>
<b>(SURPLUS)/DEFICIT</b>	<b>2,102.7</b>	<b>167.5</b>	<b>2,270.2</b>
Corporate items:			
CERA	95.5	-95.5	0.0
Cont to/from GF	124.8	-448.6	-323.8
Cont to/from Trading reserve	30.0		30.0
Cont to/from Earmarked Reserves	-401.3	-292.5	-693.8
Depreciation	-1,296.3		-1,296.3
Corporate pension charges	13.7		13.7
<b>Projected Revenue Position</b>	<b>669.1</b>	<b>-669.1</b>	<b>0.0</b>