



For discussion

Title: Development of 2025/26 budget

Prepared by: Louise Allen, Head of Finance and Corporate Operations

Purpose

1. This paper sets out the current position of the Park Authority's 2025/26 financial year budget development.
2. It provides the Committee with the opportunity to consider the overall budget position together with the impact of any key assumptions made in establishing budget estimates at this point in the 2025/26 budget development process.

Recommendations

3. The Resources Committee is invited to review the position achieved in development of the 2025/26 financial year budget and provide any feedback to officers prior to the presentation of the budget proposals to the full board in March 2025.

Strategic context and considerations

4. This paper builds on the information provided to the Board at its business session in December 2024.
5. Scottish Government released its budget intentions on Thursday 05 December. Our predicted settlement for 2025/26 is:
 - a) Resource funding (Resource Departmental Expenditure Limits - RDEL) £7.916 million
 - b) Capital funding (Capital Departmental Expenditure Limits - CDEL) £1.75 million
 - c) Peatland restoration RDEL £0.650 million
 - d) Peatland restoration CDEL £3 million
6. Available resources have been allocated according to priorities established to meet the requirements of the National Park Partnership Plan (NPPP) and the Corporate Plan. The budget has been constructed on a line-by-line basis against each aim of the Corporate Plan.



7. Officers' approach to budget development for the coming year were discussed by the Board at its informal session in December. Members' main considerations were:
 - a) Wherever possible, financing initiatives, such as the proposed Climate Adaptation Fund, should aim to complement and not duplicate other funds already available or planned by other public bodies / partner organisations.
 - b) Climate Adaptation and Nature Restoration are seen as priorities. Given uncertainty over the availability of specific funds to support this work (Scottish Government's Nature Restoration Fund) all budget allocations should be tested to ensure allocation of resources to priorities for delivery.
8. The process of budget development requires the consideration of risk. Detail on the risks considered by management and presented to the Board are provided in the annex to this paper.

Overview of draft 2025/26 budget position

9. The overview of the draft budget position for 2025/26 is presented in Table 1. The focus of our work to date has been on core resources provided by Scottish Government through the National Parks budget and through other Scottish Government budgets for peatland restoration and nature recovery. The significant finances provided for delivery of the Cairngorms 2030 (C2030) programme, are not included in our budget analysis to date.
10. Delivery against the C2030 programme in 2025/26 is expected to cost £8 million in total. Of this, £3 million is included in our current budget estimates for Peatland Restoration. Similarly, staff costs associated with C2030 delivery that will be met from core resources are provided for in our estimates. The Park Authority's committed funding contribution is also recognised in the current budget iteration.
11. The Authority has yet to receive a final grant award letter for 2025/26 from Scottish Government. Our sponsorship team at Scottish Government has made us aware that the figures provided may be open to amendment before March because of financial and wider uncertainties. However, currently they provide the best available basis for budget planning, despite uncertainty pending the finalisation and receipt of grant award letters.



Table 1 – Draft budget position

12. Allocation of the draft budget across resource and capital funding, and comparison of the total budget against the 2024/25 budget as approved by the Board in March 2024.

	2025/26 Budget proposal	2024/25 Approved budget	Movement increase/ (reduction)	
	£'000	£'000	£'000	
INCOME				
National Parks Grant in Aid - Resource	7,916	7,311	605	
National Parks Grant in Aid - Capital	1,750	1,810	(60)	
Peatland grant - capital	3,000	3,000	0	Per Scottish Government budget indications
Peatland grant - resource - staff	650	580	70	
Nature Restoration Fund	0	300	(300)	Assumed not available
CLLD	350	300	50	Largely capital funding available
Other income	200	250	(50)	Scale back - experience to date / falling interest rates
Total income	13,866	13,551	315	
EXPENDITURE				
Operational plan				
Climate adaptation fund	200	370	(170)	Reduction to support Nature Restoration delivery
Peatland programme	3,030	3,050	(20)	£20k reallocated to cover staff and central costs
Land management	142	85	57	Additional cost associated with communications re fire byelaws
Nature restoration	220	300	(80)	Assumes no specific Nature Restoration funding available
Nature & conservation	469	426	43	
People	309	290	19	
Place	816	860	(44)	Local development planning costs £44k Reduction of VIIP grantscheme by £88k
Communications	198	226	(28)	Website development costs in 24/25
Corporate	298	392	(95)	Specific capital projects for facilities and IT in 24/25
	5,681	5,999	(318)	
Community Led Local Development (CLLD)	350	300	50	To match assumed funding
CLLD staff - running costs	(61)	(57)	(4)	Modelled pay award
Programme contribution - committed	450	450	0	Committed
Programme contribution - additional	338	0	338	Forward payment to support design of Active Travel projects
	1,077	693	384	
Running costs				
Board compensation	205	192	13	Modelled pay award
Staff compensation	5,998	5,697	301	
Vacancy savings	(200)	(71)	(129)	Prudent estimate
Other staff and board costs	270	263	7	
Facilities	383	433	(50)	Specific capital projects
IT and professional	447	346	102	Increase in cost of Idox planning software
	7,103	6,860	244	
Total expenditure	13,861	13,551	310	
Surplus	5	0	5	



Income

13. The budget assumes an overall increase in grant-in-aid funding for core activities of £545,000 (5.9%). This is split between resource and capital funding:

- a) RDEL - increase of £605,000
- b) CDEL - decrease of £60,000

In addition, funding for peatland restoration is assumed at:

- c) Peatland restoration RDEL increase of £70,000
- d) Peatland restoration CDEL standstill funding

14. The availability of financial resource from the Scottish Government's Nature Restoration Fund is uncertain at present. £300,000 of funding was anticipated in the budget for 2024/25, but subsequently became unavailable. Because of this uncertainty, the budget assumes that no funding will be received in 2025/26. (Annex-Risk 1).

15. Community Led Local Development (CLLD) activity is funded through Scottish Government. We understand that funding will be available in 2025/26 but that the emphasis will be on providing support to capital projects. Potential interactions between Community Led Local Development (CLLD) projects and climate adaptation projects will be explored, in order to maximise the potential community benefits achieved through the two funds working in tandem. Funding awarded for CLLD in 2024/25 has been £410,000, exceeding budget expectations by £110,000; indications are that funding available for 2025/26 will be in the order of 15% lower than has been distributed this year. (Annex-Risk 2).

16. Other sources of income (£200,000) included in the draft budget position are:

- a) Planning fees, and
- b) Bank interest.

17. While both sources of income are uncertain, they have been relatively consistent in recent years. Anticipated income has been scaled back by 20% (£50,000) to provide a prudent estimate in a difficult economy with falling interest rates.

Expenditure

18. Staff costs have been a major uncertainty in setting the budgets over the past two years, because of the delay in agreeing annual pay awards. However, the three-year



pay award (2024/25 to 2026/27) agreed with Scottish Government and with staff, provides certainty over the rate of annual pay increase for 2025/26. (Annex-Risk 3)

19. The budget includes a pay award impact of £255,000.

Breakdown of payroll budget 2025-26	£m
Full year cost of existing staff before the 2025-26 award	6.760
Increase in rate of employer national insurance	0.088
Award 2025-26	0.255
Total budget estimate 2025-26	7.103

20. Estimates have been made of the levels of staff payroll recoveries from external funding sources. Current estimates are for recoveries through C2030 of £1.1 million in 2025/26.

21. Consideration has been given to the management of vacancies, both in respect of whether existing vacancies should be filled, the impact of these vacancies on workload and the value of any savings that might be realised from delays in recruitment. Estimated savings from vacancies and recruitment delays were significantly underestimated when the 2024/25 payroll budget was set, resulting in a significant underspend (outturn is expected to be £300,000 lower than budget). The availability of savings depends on the circumstances in any particular year and is therefore inherently difficult to estimate. In the past, a metric of 5% of the total budget has been applied. This metric would indicate likely savings of around £300,000 once again (5% of budget estimate net of recoverable costs). However, a prudent approach has been taken and £200,000 has been included in the 2025/26 budget (3.33% of budget) (Annex-Risk 4). The payroll budget will be monitored closely throughout the year, with any available underspend being applied to operational delivery.

22. Using this modelling, the net cost for staff salaries in 2025/26 is therefore £5.799 million.

Payroll budget net of recharges and savings	£m
Total budget estimate 2025-26	7.103
Total recoverable	(1.105)
Vacancy savings / recruitment delays	(0.200)
Total net cost	5.798



This is a total increase of £550,000 over the projected outturn for 2024/25 (£5.25 million).

Increase in staff costs 2025-26	£m
Award 2025-26	0.255
Increase in rate of employer national insurance	0.088
Other changes including:	
• increase in provision for vacancy savings and recruitment delays	0.207
• full year cost of posts recruited part way through 2024-25	
Total net cost	0.550

Operational plan investment

23. Total budget of £5.768 million has been allocated across our operational plan services:

- a) Climate adaptation
- b) Peatland restoration
- c) Land management
- d) Nature and conservation
- e) People
- f) Place
- g) Communications
- h) Corporate

24. The most significant changes to budget allocations for 2025/26 compared with those for 2024/25 are set out below.

Service	2025-26 budget proposal	2024-25 approved budget	Increase/ (decrease)	Comment
	£'000	£'000	£'000	
Climate adaptation fund	200	370	(170)	Reduction supports nature restoration delivery (Annex-Risk 5)
Nature restoration	220	300	(80)	2025/26 budget covers priority projects
Place	816	860	44 (£88)	Local development planning costs (cyclical) Reduction in VIIP grant scheme
Corporate	298	392	(95)	Specific capital projects planned for facilities and IT in 2024/25



25. The organisation is committed to nature restoration delivery. The budget assumes that no specific funding will be available to cover the cost of this work, and consequently, this service has been prioritised for allocation from grant-in-aid funding. Were additional funding to be made available then resources would be reallocated.
26. Planned nature restoration projects include:
- Montane, pond, aspen, riparian delivery
 - Freshwater ecological restoration
 - Woodland ecosystem restoration
 - Freshwater pearl mussels
 - Species recovery – rare invertebrates, rare plants, bees, wildcats, Cairngorms Nature Index indicator species
27. In addition to these projects that are formally designated as 'nature restoration' delivery, many other aspects of the planned Nature and Conservation delivery contribute to the Authority's nature restoration activity including: nature friendly farming, catchment management, capercaillie emergency plan, raptors project, beaver reintroduction; provision has been made for delivery of these activities in the operational plan.
28. Additional budget allocated to the Place service covers essential periodic costs associated with local development planning activity.

Running costs and inflationary impacts

(Annex-Risk 6)

29. The budget for running costs has been built on the outturn forecast for 2024/25. Inflationary increases of 2.6% have been applied, reflecting Office for Budget Responsibility predictions. This adds £26,000 to running costs.
30. Software licences are now an essential part of the organisation's infrastructure, with our core programmes available only as Software As A Service (SAAS):
- Microsoft applications
 - Finance software – Access Financials
 - Payroll and HR software - Access
 - E-planning system- Idox
 - Geographic Information System (GIS)



31. Additional budget (£85,000) has been provided to cover the costs of essential upgrade of the e-planning and GIS systems, which we access as a shared service through Loch Lomond and the Trossachs National Park Authority. In addition, £10,000 has been provided to upgrade the HR system to bring it up to date with the latest software version. It is an important aspect of security that software does not fall too far behind latest versions.

Contribution to C2030

(Annex-Risk 7)

32. The Park Authority is committed to an annual contribution of £450,000 to the C2030 programme - £2.25 million over the life of the project. To date, £900,000 has been paid, and the 2025/26 budget includes allocation of a further tranche of £450,000, leaving £900,000 as committed funding scheduled for payment in 2026/27 and 2027/28. In addition to the planned annual contribution of £450,000, it is proposed to increase the contribution made in 2025/26 by advancing funding of £338,000 from future years. This advance, from the remaining £900,000 committed, will provide contingency in support of the development of Stage 3 / 4 designs for two major active travel projects.

33. These projects are a significant element of the C2030 programme, intended to contribute a high level of third-party financial support to the programme, while delivering valued and visible differences as key elements of the C2030 outcomes. There is currently no secured funding in place to support commencement of the projects, following a one-year hiatus in funding from Sustrans / Transport Scotland, although there is optimism that project funding will be awarded in due course.

34. However, the projects are time-sensitive and have already been delayed for a year. This puts at risk their completion during the timespan of the C2030 programme. It is necessary for us to proceed with the preparation of designs if we are to mitigate risks arising from further delay.

35. Funding provided from the 2025/26 budget would ensure that financial resources are available to go ahead with procuring design services, while at the same time applying for grant funding from Transport Scotland. It is anticipated that an award of funding will be made prior to completion of the procurement; however, if it became necessary to let the contract before external funding were confirmed, then it would



be necessary to convert this advance into an additional contribution of funding to the C2030 programme. Formal governance procedures would be required before making this conversion, and the decision would be brought back to the Resources Committee.

36. The cost of Stage 3 / 4 design works is currently estimated at £628,000. It is proposed that the Park Authority makes provision within the 2025/26 budget to underpin this cost. £290,000 can be made available in financial year 2024/25:

Reallocation from 2024/25 budget	£,000
Payroll budget – vacancy savings	200
Planned visitor infrastructure projects unlikely to go ahead in 2024/25	90
Total reallocated	290

37. The remaining £338,000 required has been built into the 2025/26 budget allocations. These provisions can be repurposed as forward payments of our committed programme contribution, or reallocated back to other operational plan provisions, should third party funding be secured from Transport Scotland or other funding sources to support these activities

Efficiency savings

38. In previous years grant award letters have included a requirement to achieve efficiency savings. There appears to be some acceptance that efficiency savings may not be possible in the current economic climate, but we await clarification on this requirement.

Next steps

39. The Committee's views on the budget position, and particularly the key assumptions and estimates made as set out in the above sections, are invited at this time. Following the Committee meeting, the budget development process will continue, and the views of Committee reflected on prior to finalisation of the budget paper to be presented to the board at its meeting in March.

Louise Allen

09 January 2025

louiseallen@cairngorms.co.uk