



For decision

Title: 2025/26 budget and operational plan

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Purpose

This paper sets out the Park Authority's proposed budget for the 2025/26 financial year.

It provides the Board with the opportunity to consider the overall budget position, together with the impact of any key assumptions made in establishing budget estimates.

The paper also presents the proposed operational plan for 2025/26 (Annex 4) to allow members to scrutinise, and take assurance on, the allocation of available resources, both financial and staff resources. The budget allocations seek to provide a balanced approach to delivery of the Park Authority's agreed strategic objectives, as set out in the approved National Park Partnership Plan and Corporate Plan.

Annex 3 to the paper sets out the risks identified during budget development and references these to the Strategic Risk Register, which is also provided for reference (Annex 5).

Recommendations

The Board is invited to:

- a) Approve the Cairngorms National Park Authority's budget and operational plan for 2025/26 as set out in this paper.
- b) Consider the impact of the budget and operational plan on the strategic risk register and any amendments arising.

Strategic context

1. This paper builds on the information provided to the Board at its business session in December 2024, and subsequent discussions with the Resources Committee at its meeting in January 2025.



2. The Authority's predicted settlement from Scottish Government for 2025/26 is:

		£m
Grant in Aid	Resource funding - RDEL Resource Departmental Expenditure Limits	7.916
Grant in Aid	Capital funding - CDEL Capital Departmental Expenditure Limits	1.750
Peatland restoration	RDEL	0.650
Peatland restoration	CDEL	3.000

3. 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.
4. 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 Annex 3 to this paper.

Overview of draft 2025/26 budget position

5. The overview of the proposed budget for 2025/26 is presented in Annex 1, while Annex 2 provides a comparison of the proposed 2025/26 budget with the approved budget for 2024/25.
6. The budget sets out the Park Authority's proposal for the application of core resources provided by Scottish Government through the National Parks budget, and through other Scottish Government budgets: for peatland restoration, community led local development (CLLD) and nature recovery. In addition, the budget includes the application of the significant finances provided for the second full year of delivery of the Cairngorms 2030 (C2030) programme.
7. The Authority has yet to receive a final grant award letter for 2025/26 from Scottish Government. However, current information on allocations provides the best available basis for budget planning, despite uncertainty pending the finalisation and receipt of grant award letters. We also await final notification of the allocation for grants in support of our peatland restoration work, and for CLLD.



8. The availability of financial support through the Nature Restoration Fund (NRF) remains uncertain at present. However, approval of Scottish Government budgets provides the Authority with increased confidence that an allocation of NRF funding will be received for 2025/26. Projects that would be eligible for support from the fund have been included in the budget allocation, in support the Park Authority's priority to deliver nature restoration outcomes (£220,000), and the equivalent NRF funding is assumed to be available to the Park Authority. Receipt of this funding would leave the capital (CDEL) budget in surplus. This surplus will not be allocated to delivery until confirmation of NRF funding is received. (Annex 3-Risk1)
9. Funding for CLLD is still to be finalised, and the figure of £350,000 included in the budget represents our best estimate; we await decisions from Scottish Government on both the total funding available for CLLD, and how it will be allocated across partner bodies. This presents very limited risk to the overall budget position presented. Any variation in assumed income will be equally offset by varying the funding awarded, while resource cover for staff costs has been confirmed.
10. This position is relatively common at this point in setting the Park Authority's budget for the year ahead. As part of our ongoing budget monitoring activity through the year, we will consider the sufficiency of income alongside the management of expenditure.
11. Delivery against the C2030 programme in 2025/26 is expected to cost £7 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. The balance of C2030 programme funding of £4.078 million to be met directly from programme finances managed by the Park Authority outside of our core Scottish Government funding is shown in Annex 1 as income alongside matched expenditure.
12. Information on the proposed budget for staff salaries is provided in paragraphs 22 to 26 below. Staffing costs for 2025/26 (excluding any potential vacancy savings) account for 43% of the total operational plan income shown of £14,144 million. In the budget for 2024/25 the like-for-like costs were 41% of total operational plan



income (£13.701 million). Contributors to the increase in staffing costs year on year include:

- a) 2025/26 pay award £263,000
- b) Increase in employer national insurance contributions £93,000.

13. Investment in the 'People' actions of the Corporate and Operational Plans stems from funding through both the core National Parks grant and earmarked CLLD grants, on which the Park Authority partners with the Cairngorms Trust as Accountable Body. For budget control purposes, these two strands of activity have been developed separately in the budget figures. Total investment in the People elements of the Park Authority's plans total £0.699 million for 2025/26, compared with £0.590 million in the prior year.

14. The following sections present some specific points of estimate and judgement in the development of these budget estimates for consideration by the Board.

Income

15. Grant-in-aid for 2025/26 is set to increase by £0.545 million, from £9.121 million to £9.666 million, a 6% increase in cash funding from Scottish Government for the coming financial year. This is split between resource and capital funding:

- a) Resource Departmental Expenditure Limits (RDEL) - increase of £605,000
- b) Capital Departmental Expenditure Limits (CDEL) - decrease of £60,000

In addition, funding for peatland restoration is assumed at:

- c) Peatland restoration RDEL - increase of £70,000 to £650,000
(staff and non-staff costs)
- d) Peatland restoration CDEL - standstill funding of £3 million

16. 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 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 in 2024/25, and this is reflected in the budget allocation of £350,000. (Annex 3-Risk 2)

17. Other sources of income (£250,000) included in the draft budget position are:
- a) Other grant funding
 - b) Planning fees, and
 - c) Bank interest.

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 both with Scottish Government and with staff, provides certainty over the rate of annual pay increase for 2025/26. (Annex 3-Risk 3)

19. The budget includes a pay award impact of £263,000.

Breakdown of payroll budget 2025-26	£m
Full year cost of staff cohort before the 2025-26 award	6.952
Increase in rate of employer national insurance	0.093
Award 2025-26	0.263
Total budget estimate 2025-26	7.308

20. Estimates have been made of the levels of staff payroll recoveries from external funding sources. Current estimates are for recoveries through C2030 of £1.105 million and through CLLD of £62,000 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 final payroll expenditure in the year significantly below original budget estimates, in the order of £300,000. This position has been managed over the year as part of wider budget management, which continues to deliver a forecast balanced outturn position for 2024/25 financial year. The availability of vacancy savings depends on the circumstances of staff turnover and recruitment 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 £150,000 has been included in the 2025/26 budget (2.4% of budget). The payroll budget will be monitored closely throughout the year, with any available additional savings being applied to operational delivery. (Annex 3-Risks 3 & 4).

22. Using this modelling, the net cost for staff salaries in 2025/26 is therefore £5.991 million.

Payroll budget net of recharges and savings	£m
Total budget estimate 2025-26	7.308
Total recoverable	(1.167)
	6.141
Vacancy savings / recruitment delays	(0.150)
Total net cost	5.991

Operational plan investment

23. The full operational plan, flowing from the core objectives of the Corporate Plan, is set out at Annex 4 to this paper. Total budget of £5.796 million has been allocated across our operational plan delivery.

	£m
Climate adaptation fund	200
Peatland restoration programme	3,020
Nature and climate	645
People	349
Place	821
Programme contribution Cairngorms 2030	450
Communications	198
Corporate support	293
Total Operational Plan investment	5,976

24. In line with recent years, the operational plan has been budgeted without “over-programming”. The total value of the budget allocated to the operational plan is based on expectation of the total income likely to be available at the beginning of the financial year. No additional provision has been made for slippage over the course of the year, for example, by budgeting for a greater value of operational plan investments than are capable of being covered by funding levels. This is a prudent approach, given the various uncertainties in income levels and expenditure



pressures in the coming year. If slippage or underspend arises in any projects or budget areas, management action can be taken to reallocate available resources to priority areas of investment or to cover other emerging budget pressures.

25. 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 3-Risk 5)
Nature restoration	220	300	(80)	2025/26 budget covers priority projects
Corporate	293	393	(100)	Specific capital projects planned for facilities and IT in 2024/25

Running costs and inflationary impacts

(Annex 3-Risk 6)

26. 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 £25,000 to running costs.
27. Software licences are now an essential part of the organisation's infrastructure, with our core programmes available only as Software As A Service (SAAS):
- a) Microsoft applications
 - b) Finance software – Access Financials
 - c) Payroll and HR software - Access
 - d) E-planning system- Idox
 - e) Geographic Information System (GIS)
28. Additional budget 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. Total costs for this service are anticipated to be in the region of £100,000.



Efficiency savings

29. 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. Management will in any case continue to seek efficiencies in our operations, with for example significant investment in digital solutions to office processes, vacancy and other savings in staffing where possible and through procurement and management of contracts.

Next steps

30. Following board consideration and approval of a budget for 2025/26, allocations will be confirmed to budget holders to allow plans for delivery over the coming financial year to commence.
31. We will continue to provide budget monitoring reports to the Board's Resources Committee over the course of the year ahead, identifying any significant budget variations and action in managing those variations.
32. The established process of review and development of the Strategic Risk Register will continue through the year.

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