



For discussion

Title: Budget development 2026/27

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

Purpose

The purpose of the paper is to update the Resources Committee on progress made towards development of the budget for 2026/27.

Recommendations

The Committee is asked to:

- a) Review the position achieved in development of the 2026/27 financial year budget.
- b) Provide feedback to officers prior to the presentation of the budget proposals to the full board in March 2026.

Introduction

1. Following publication of the indicative settlement for the year to 31 March 2027, the initial draft budget position for the year was discussed at the recent Board Business Session.
2. This position is provided in Annex 1. The figures do not include delivery against the Cairngorms 2030 (C2030) programme. The delivery on C2030 planned for 2026/27 will be added into full budget figures in future developments of our financial plans. We do not expect any additional financial impacts on our budget from C2030 delivery, other than provision from available income, of the Park Authority's own cash contributions to the C2030 programme.
3. All figures for grant income from Scottish Government (SG) sources remain subject to Parliamentary budget approval at this point in the process.



Risks inherent in the budget

As outlined at the Board Business Session

4. The Park Authority budget has, of necessity, been built on assumptions about future events. Amongst the most significant of these assumptions are:
 - a) The amount of funding to be awarded, where information provided is either indicative or estimated.
 - b) The staff turnover likely in the year.
 - c) The budget for training activities is included at £72,000 (an inflationary increase over the prior year). This figure remains to be reviewed in the light of workforce management plans.
 - d) External factors, such as the state of the economy and inflationary pressures.
 - e) Delay of committed delivery, planned for 2025/26, but slipping into 2026/27.
 - f) The opportunity to advance spending into 2025/26 to relieve pressure on the 2026/27 budget.

5. The table below provides a view of the potential financial effect of these risks

	Amount included in draft budget	Risk profile	
		Max at risk	Likely risk
	£'000	£'000	£'000
Staff costs - estimated vacancy savings	288	288	91
Nature Restoration Fund (NRF) – amounts relating to ongoing delivery	335	335	-
NRF – bid for additional funds (income and expenditure £710,000)	710	-	-
Community Led Local Development (CLLD) – recovery of salary costs	70	52	-
CLLD – funding for grant awards (income and expenditure £280,000)	280	25	-
Inflationary pressure on running costs an additional 1% on 3% already provided	30	10	-
Opportunity to advance spending	-	-	(300)

6. **Vacancy savings:** typically, we would assume the likelihood of achieving vacancy savings of around 3% of the cost of payroll. For 2026/27 3% would amount to



£197,500. An additional sum of £90,500 has been included in the draft budget taking the total of required savings to £288,000 (4.4% of payroll costs). Rationale supporting this increase links to the movement through C2030; wider public sector expectations of management of workforce numbers; and consequential expected increase of beginning of slight reduction in total staffing within the Park Authority as vacancies create chance of opportunity to adapt staff structure. Nevertheless, this provision in budget remains under consideration for reduction in value.

7. **Nature Restoration Fund (NRF):** a number of ongoing projects would be at risk if we were unsuccessful in our bid for funding; without support from NRF we would want to fund these through Grant in Aid. An additional £335,000 would need to be reallocated from other planned delivery currently included in the budget.
8. The additional ask for £710,000 would support valuable delivery, but if the funding were not available, we would not go ahead with delivery and would not incur the costs.
9. **Community Led Local Development (CLLD):** annual funding from CLLD supports £70,000 of the salary costs of our grants team. If no funding were awarded to the Authority, then this contribution to salary costs would be lost. A commitment has been received to finance quarter one salary costs, therefore maximum risk to budget is around £52,000.
10. The amount of any award in excess of £70,000 would be made available for community projects and the value of awards made by the Park Authority would be tailored to the amount made available from the CLLD fund. Indications are that the total fund available is consistent with last year, so the risk of not receiving any funding is considered low.
11. **Inflation:** running costs have been uplifted by 3% to account for inflation. Any increase in the rate of inflation above 3% would be likely to add an additional £10,000 per 1% increase to budget commitments.
12. **Advance spending:** There is likely to be an opportunity to advance spending to ensure a balanced outturn for 2025/26. This opportunity arises primarily in respect of the Park Authority's ongoing commitment to contribute to the C2030 project.



The total contribution has been scheduled for payment in annual tranches of £450,000. In 2024/25, in addition to our scheduled payment of £450,000 to C2030, we advanced an amount of £300,000. We could make a further advance in 2025/26, so that the contribution of £450,000 included in the budget for 2026/27 could be reduced by up to say £300,000, and these funds could then be reallocated within the 2026/27 budget.

Outstanding issues remaining to be resolved

13. We continue to explore the budget requirement to support ongoing running costs.
14. Requests for financial support for additional aspects of delivery against the operational plan are being considered.
15. We await formal confirmation of funding. In particular, should the offer of funding for NRF fall below £335,000, some adjustment to expenditure plans more widely across the budget will be required if ongoing project activities started through 2025/26 NRF are to be supported.
16. The contribution to the Cairngorms 2030 programme has been retained at £450,000. Funding of £300,000 was advanced to the project in 2024/25, and there is potential to advance a further sum in 2025/26. This would allow a reduction in the £450,000 currently allowed in the 2026/27 budget if required, while maintaining this level of C2030 funding provision will help alleviate budget pressure in future years by bringing the Park Authority closer to the £2.25 million total agreed programme contribution.

Conclusion

17. Further work is required to complete the development of the budget for 2026/27. However, the basis is now established, albeit with areas of risk.
18. The risks identified over funding levels will be removed as funding allocations are formalised.
19. The opportunity to advance spending, particularly in respect of the contribution to C2030, offers flexibility towards the achievement of a balanced budget.



Louise Allen

louiseallen@cairngorms.co.uk

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