

NFNPA RAPC 577/25

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 3 NOVEMBER 2025

HALF YEAR BUDGETARY CONTROL REPORT 2025/26

Report by: Nigel Stone, Head of Resources (Chief Finance Officer) and Tom Knott, Finance & Sustainable Procurement Officer

Purpose:

This report provides a summary of financial performance up to the end of September 2025, the first six months of the 2025/26 financial year.

1. Introduction

- 1.1 This report provides a summary of financial performance in the first half of 2025/26, providing detail on potential variances and the responses to them. **Annex 1** sets out the summary financial position; **Annex 2** includes indicative splits of the 2025/26 budgets across the purposes & duty and the statutory accounting format; further detail is then provided on the Programme Fund (**Annex 3**), Authority-led Partnership Projects (**Annex 4**), Developer Contributions / Reserves (**Annex 5**) and Treasury Management performance (**Annex 6**).

2. Current Position

- 2.1 The overall income and expenditure budgets for 2025/26 are £7.07m, as shown in Annex 1. This includes £1.3m from Authority-led partnership projects (externally-funded).
- 2.2 The overall expenditure position shows £2.90m spend over the first six months of the financial year (41% of budget). Without the partnership projects, spend was £2.3m from a budget of £5.74m (40%).
- 2.3 The overall income position shows £3.5m received (49% of budget) over the first six months of the financial year. Without the partnership projects, income was £3.1m from a budget of £5.74m (54%).

3. Budgetary Review Process

- 3.1 All budget holders were again requested to scrutinise their budgetary positions and provide details of known or potential over- or underspends; key responses and outcomes are included in section 4 below.

4. General Budget Analysis

- 4.1 Overall the figures after six months of the financial year, shown in detail in Annex 1, are largely still on track and no significant issues have emerged of which Members need to be made aware of at this time.

Current Net Position: Balanced Budget – we will review again at end of Q3.

- 4.2 As previously noted, a number of small savings often occur across budget lines which cumulatively will aid the financial position towards the end of the year.

5. Sustainable Communities Fund (SCF) Monitoring

- 5.1 The SCF budget for 2025/26 is £30,000 and we have £47,000 in the SCF Reserve which has previously been allocated to projects but yet to be formally claimed following completion of the relevant works. After six months of the year a total of £31,000 has been claimed.

6. Developer Contributions

- 6.1 As detailed in Annex 5, during the first six months of the financial year a further £227,000 has been received in respect of developer contributions and £5,000 spent or allocated.
- 6.2 As Members are aware, a very significant proportion of the remaining Affordable Housing contributions will soon be utilised to fund a pair of homes at the site in Burley.

7. Reserves Position

- 7.1 As detailed in Annex 5, the General Fund Reserve remains at £350,000 and is projected to do so until the end of the financial year.
- 7.2 Earmarked reserves are being utilised in line with the budget approved in March 2025.

8. Treasury Management Position

- 8.1 The half-year Treasury Management position projects that the Authority will receive around £140,000 from interest on its investments and holdings this year (an overall return of around 4%); this matches the original budget projection.

9. Partnership Projects

- 9.1 As Members will be aware, we have been highly successful over the last year in bidding for external funding to leverage our core Defra grant; it is estimated that in 2025/26 we will receive over £1.3m in this partnership projects funding as detailed in Annex 4.
- 9.2 This year, for every £1 the Authority is contributing to these partnership projects, it will generate a further £46 from funders / partner organisations. On average, over the last five years, we have generated a further £25 from funders / partner organisations.
- 9.3 The capital works delivery phase of the Species Survival Fund project is due to end in December 2025, prior to the full project completion in March next year – a full update paper on the project will be brought to the next Committee meeting.

10. Future Budgets

- 10.1 Defra is yet to confirm our grant settlement for either 2026/27 or beyond, despite receiving its own future projections in the Comprehensive Spending Review in July. We have recently been requested to provide projected impacts for potential scenarios, some including further reductions in our core grant. Following the 9% grant cut this year, the Authority's staffing capacity has been reduced to around 50 full-time-equivalents, roughly split as 25 FTEs related to the statutory planning function and 25 to run the Authority and deliver all the other elements of our purposes and duty.

11. Recommendation

It is recommended that Members:

- 1 note the current income and expenditure position, including the potential savings and pressures identified**

Papers:

NFNPA/RAPC 577 /25	Budgetary Control Report
NFNPA/RAPC 577 /25 Annex 1	Budget Monitoring
NFNPA/RAPC 577 /25 Annex 2	2025/26 Budget Formats
NFNPA/RAPC 577 /25 Annex 3	Programme Fund
NFNPA/RAPC 577 /25 Annex 4	Authority-led Partnership Projects
NFNPA/RAPC 577 /25 Annex 5	Developer Contributions and Reserve Balances
NFNPA/RAPC 577 /25 Annex 6	Treasury Management Performance Report – 1 April to 30 September 2025

Equality and Diversity Implications:

There are no specific equality or diversity implications arising out of this report.

Contact:

Nigel Stone
Head of Resources (Chief Finance Officer)
Tel: 01590 646655
Email: nigel.stone@newforestnpa.gov.uk

Annex 1

Budget Monitoring 2025/26

Summary Accounts for the period 1 April – 30 September 2025

	Original Budget	Payments to date	% of Budget Spent
	£000	£000	
<u>Expenditure:</u>			
Employee Costs (Salary, Travel, Pensions etc)	3,099	1,555	50%
Programme Fund	180	108	60%
Sustainable Communities Fund	30	31	103%
Strategy & Planning	90	55	61%
Central Costs (split below)	797	551	69%
Capital Budgets (split below)	1,546	0	0%
Subtotal	5,742	2,300	40%
Authority-led Partnership Projects	1,331	597	45%
Total Expenditure	7,073	2,897	41%

<u>Income:</u>			
Defra National Park Grant (Revenue)	-3,019	-1,660	55%
Defra National Park Grant (Capital)	-1,393	-766	55%
Defra Access for All (Capital)	-153	-115	75%
Planning Income	-600	-286	48%
Shared Services	-228	-78	34%
Income Generation (inc Affordable Housing)	-90	-42	47%
Investment & Interest Income	-140	-86	61%
Net Contribution to Other Earmarked Reserves (estimated)	-119	-59	50%
Subtotal	-5,742	-3,092	54%
Authority-led Partnership Projects	-1,331	-407	31%
Total Income	-7,073	-3,499	49%

Central Costs Split

	Latest Budget £000	Payments to Date £000	% of Budget Spent
Secretariat	49	44*	90%*
Human Resources	75	42	56%
ICT Services	195	173*	89%*
Member Services	69	32	46%
Finance & Audit Services	89	30	33%
Accommodation	230	159*	69%*
Business Support (e.g. insurance, printing, stationery)	90	71*	79%*
TOTAL	797	551	69%

* Figures include significant annual invoices paid in advance (e.g. memberships, licences, business rates, rent, insurance premium).

Capital Budgets Split

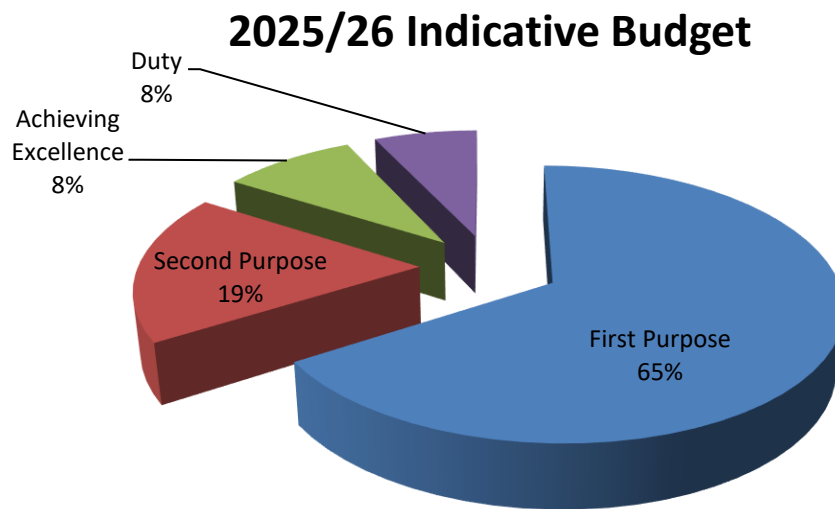
	Original Budget £000	Payments to Date £000	% of Budget Spent
Website Update	50	0	0%
Income Generation and/or Land improvements for Climate and Nature Recovery	1,343	0	0%
Access for All	153	0	0%
TOTAL	1,546	0	0%

Annex 2

2025/26 Original Budget (£4.20m – not including partnership projects) shown as ‘Protect, Enjoy, Prosper & Achieving Excellence’

	First Purpose*	Second Purpose	Duty	Achieving Excellence
	£000	£000	£000	£000
Employee Costs (allocated)	2,043	541	243	272
Programme Fund	42	116	22	-
Sustainable Communities Fund (approximation)	18	9	3	-
Strategy & Planning	90	-	-	-
Central Costs (allocated)	526	139	62	70
TOTAL	2,719*	805	330	342

*Includes all costs directly related to the Planning Service



2025/26 Budget revenue position in Authority's formal reporting format

	Budgeted Net Cost of Services 2025/26		Actual Expenditure April - Sept	Actual Income April - Sept	Net Actual April - Sept
	£000		£000	£000	£000
Conservation of the Natural Environment	304		526	-270	256
Conservation of Cultural Heritage	233		178	0	178
Recreation Management and Transport	349		353	-170	183
Promoting Understanding	540		355	-120	235
Rangers, Estates and Volunteers	160		151	-50	101
Development Control	802		785	-286	499
Forward Planning and Communities	432		242	0	242
Corporate and Democratic Core	458		307	-32	275
SUBTOTAL	3,278		2,897	-928	1,969
National Park Grant	-3,019			-1,660	
Investment & Interest Income	-140			-86	
Use of Reserves	-119			-59	
TOTAL	0			-2,733	

Annex 3

Programme Fund 2025/26	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
FIRST PURPOSE*	£000	£000		
Ecology and Catchment Co-ordination	12	0	0%	Work with Freshwater Habitats Trust
Natural Environment Evidence Base (HBIC / WRC)	15	13	87%	
Archaeological Projects and SLAs	8	3	38%	
OTHER (Projects £3,000 or less)	7	3	43%	
FIRST PURPOSE SUBTOTAL	42	19	45%	
SECOND PURPOSE*	£000	£000		
Access Improvements	7	4	57%	
Health and Wellbeing	5	0	0%	
Education (Travel Grants and Resources)	10	6	60%	
Recreation Management	5	4	80%	
Interpretation & Information	8	8	100%	
New Forest Show	6	6	100%	Promotional/educational materials will also be used at future events
Media and Promotion	23	17	74%	
Publications and Advertising	32	28	88%	
Contact Management System	5	3	60%	
Ranger Projects	5	2	40%	
People and Wildlife Ranger Projects	4	4	100%	
OTHER (Projects £3,000 or less)	6	4	67%	
SECOND PURPOSE SUBTOTAL	116	86	74%	

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
DUTY*	£000	£000		
New Forest Marque	4	0	0%	Grant payment – supplemented by comms and admin staffing support
Sustainable Tourism	5	1	20%	
Sustainable Transport	8	0	0%	
OTHER (Projects £3,000 or less)	5	2	40%	
DUTY SUBTOTAL	22	3	14%	
TOTAL EXPENDITURE	180	108	60%	

* The designation of projects to 'Protect, Enjoy & Prosper' are for illustrative purposes only and do not constitute the total funding allocated to each area by the Authority (see Annex 1)

Authority-led Partnership Projects 2025/26

Annex 4

	Authority Contributions	Partner Financial Contributions	Total Project Budget	Total Payments to date	Payments as % of budget	Notes on significant variations
	£000	£000	£000	£000		
Pedall (Lottery)	0	190	190	67	35%	
YouCAN - Youth for Climate & Nature (Lottery)	10	225	235	176	75%	
Higher Level Stewardship	0	95	95	54	57%	
Health Fellowship Programme	0	36	36	0	0%	£180k of funding over 5 years
Hampshire Greenprint	0	10	10	2	20%	
Species Survival Fund (Defra)	11	215	226	148	65%	
New Routes to Nature – Volunteers (Lottery)	3	112	115	55	48%	
Landscape Enhancement Initiative Projects (National Grid)	0	75	75	22	29%	
Farming In Protected Landscapes – Grants Fund (Defra)	0	318	318	50	16%	
Land Advice Service	5	55	60	23	38%	
TOTAL	29	1,331	1,360	597	44%	

Annex 5

Developer Contributions:

	Affordable Housing	Open Space	Ecological Mitigation	Transport (via HCC)	Solent Mitigation (via Fareham)
	£000	£000	£000	£000	£000
Starting Balance	867	174	840	0*	0*
Funds Received	181	0	41	0	5
Funds Spent / Released	0	0	0	0	(5)
Current Balance	1,048	174	881	0*	0*

* Funds paid over to the relevant organisations on an annual basis at year-end. Transport contributions over the previous five financial years have totalled £67,000 and Solent Mitigation £49,000.

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	350	0	350
Earmarked Reserves:			
Revenue Support Reserve	89	0	89
Financial Stability Reserve	352	(70)	282
Capital / Major Projects Reserve	557	0	557
Planning / Risk Reserve	170	20	190
Other (net)	1,333	(69)	1,264
TOTAL	2,851	(119)	2,732

Annex 6

TREASURY MANAGEMENT PERFORMANCE REPORT – 1 APRIL TO 30 SEPTEMBER 2025

1. Introduction

- 1.1 This report covers the period 1 April to 30 September 2025 for the Authority's treasury management activities.

2. Strategy for 2025/26

- 2.1 The Treasury Management Strategy for 2025/26 was approved on 27 March 2025 (NFNPA AM 710/25).
- 2.2 Within the strategy, the overriding principle is the security of the Authority's investments. The Authority also requires sufficient liquidity to be maintained in the investments and specific approval of categories of acceptable investments and investment counterparties. These are monitored on a regular basis.

3. Summary of interest rates

- 3.1 Money market investment rates have continued to be well above their historically low levels, with the current average now ranging from 3–4%. The UK central bank base rate is expected to be cut further in the coming months/year.
- 3.2 There is still a significant variation in interest rates between one type of counterparty and another.
- 3.3 The Authority has a facility with a money market fund where deposits can be placed, this is a low-risk fund where money is invested in a basket of highly credit rated instruments and is an instant access account. It also has an account with the Treasury's Debt Management Office, again a very low risk fund, invested for usually one to three months at a time but with instant access if required. Both of these accounts have been used extensively in the year to date alongside our main bank account / savings accounts with Lloyds.

- 3.4 The Bank of England (BoE) base rate is currently 4%.

4. Market background - UK & Global economy

- 4.1 UK, Eurozone and US economies are all still forecasting GDP growth this year, with inflation and cost of living pressures still present. Interest rates and government borrowing are stabilizing or falling in the vast majority of developed economies around the world.

The latest forecasts for the UK economy still predict a small GDP rise in 2025, followed by two years of a slow outlook. UK CPI inflation continues to increase in recent months and currently stands at around 3.8% (above the standard central bank target of 2%).

5. Investments

- 5.1 The Authority's investment funds fall into two categories:

Funds available that we know will be unlikely to be spent during the year because they are earmarked for longer-term projects, our minimum reserve and developer contributions. These are therefore core funds and available to be invested for longer periods if the increased return is greater than the corresponding risk.

Other funds are of a more cash flow nature and are likely to be invested for shorter durations up to 1-3 months.

- 5.2 For 2025/26 the Authority has decided to continue to hold low risk, often instant access, investments as the increased interest returns are now similar to the additional risks and costs associated with longer or more complex investments. In reality this means the Authority will generally split its holdings between a Money Market Fund, with the Debt Management Office (Treasury), its Lloyds Current Account and other UK Bank Savings Accounts.
- 5.3 The interest earned on these cash-flow investments for the period to 30 September 2025 was equivalent to an **annual rate of return of 4.1%**.
- 5.4 The original estimate for interest earnings for 2025/26 was £140,000 based on an average forecast interest rate of 4% on £3,500,000 invested over the year. Given the recent, and likely upcoming, reducing rates of return, the latest prudent forecast would still be around £140,000 in interest earnings for the year.
- 5.5 A list of investments at 30 September 2025 is shown at **Annex 1**.

- 5.6 All temporary investments have been invested according to the parameters set within the Authority's Treasury Policy Statement.

6 Investment benchmark

- 6.1 In order to measure the performance of the Authority's investments it is necessary to compare the earnings to a benchmark. The benchmark is established by taking a daily figure published by the money markets and averaging this over the period being measured.
- 6.2 The cash-flow investment is compared with the Sterling Overnight Index Average (SONIA).
- 6.3 These rates are averaged over the year to date and are expressed as an annualised figure.
- 6.4 The table below shows the performance of the Authority's investments to 30 September 2025 compared to the benchmark. The performances are shown as annualised figures.

	Cash Flow Investments
	%
Benchmark Return (annualised)	3.97
Actual Return (annualised)	4.10
Return above Benchmark	0.13

- 6.5 As at 30 September 2025, our cash-flow interest earnings bettered the 2025/26 benchmark by 0.13%. By year-end, our actual return should be at or near the benchmarked level.

7. Current Investment Policy

- 7.1 Following the continuing sensitivity of the banking sector, investments are made in the UK-based investment sector only. Counterparties are the Nationwide Building Society, UK High Street Banks, Local Authorities and a Money Market Fund for periods from overnight to 1 year.
- 7.2 Investment limits are £2.0m with each institution currently; the exception being the Authority's own bank for which the limit will be £2.5m, of which up to £2.0m can be held without instant access. The limit on government accounts, such as the DMO, is £2.5m.
- 7.3 This policy is monitored weekly and reviewed periodically.

8. Investment instruments

- 8.1 All of the investments are made in money market deposits.
- 8.2 Money market deposits earn a yield that is made up entirely of interest earnings. There is no capital appreciation. No Gilts or Certificates of Deposits are used.

9. Compliance with the CIPFA code of practice

- 9.1 All treasury functions and debt management procedures, which were undertaken during the period, complied with the existing CIPFA Code of Practice on Treasury Management, as set out in the Authority's Treasury Policy Statement, and the Treasury Management Strategy for 2025/26.

10. Conclusions

- 10.1 Temporary interest earnings of around £140,000 (matching the original budget) are forecast for the 2025/26 financial year.

Treasury Performance Report Appendix 1

Investments & Holdings at 30 September 2025

Counterparty	Principal	Interest Rate	Investment Date	Maturity Date
	£	%		
Money Market Fund (MMF)	500,000	4.01	Instant Access	
Debt Mgmt Office (DMO)	2,250,000	3.97	Instant Access*	
Lloyds Current Account	623,000	1.80	Instant Access	
Lloyds Savings Account	2,000,000	3.99	Instant Access	
Total	5,373,000			

* Although invested for a set period (usually one or two months), DMO funds can be accessed instantly if required.