

RAPC 594/26

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 1 JUNE 2026

FINANCIAL OUTTURN AND TREASURY REPORT 2025/26

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

Purpose:

This report sets out the detailed projected outturn position for the Authority for the 2025/26 financial year. This information will latterly be formed into the annual Financial Report (Accounts), which will then be audited and presented for consideration and approval by the Authority. This report also includes the annual report on the Treasury Service and Prudential Indicators for 2025/26.

Executive Summary:

The original budget for 2025/26 was approved by members as NFNPA 710/25 and set within the context of the Medium-Term Financial Plan. The latest Budgetary Control Report, which came to this Committee in February 2026, estimated that the potential general savings and pressures would net off, giving no overall variance.

The draft outturn figures, correct as at writing of this report in mid-May, indicate overall net income and expenditure figures similar to those originally budgeted. Approximately £79,000 will be taken from the Revenue Support Reserve and any remainder will be utilised in 2026-2030 as set out in the budget approved in March 2026.

1 General Fund Revenue Budget Outturn 2025/26

- 1.1 The draft year-end position is set out in the standard management reporting format in **Annex 1**. Further breakdowns, including within the standard accounting format, is shown in **Annex 2**. Detailed outturn for the Programme Fund and Partnership Projects can be found in **Annexes 3 and 4** respectively. The projected impact on the Reserves (general and earmarked) is shown in **Annex 5**. A report on the Treasury Management Stewardship for the year is shown in **Annex 6**.
- 1.2 The overall original income and expenditure budgets for 2025/26 were £8.15m, as shown in Annex 1. This included £2m from Authority-led partnership projects (externally-funded).

2 Expenditure – Key Variances (from tables in Annex 1)

2.1 Employee Costs (41,000 negative variance)

A smaller number of vacancy savings accrued during the year from across the organisation.

2.2 Strategy & Planning (£202,000 negative variance)

There were significant additional costs related to the Vernon Dene case and for the Local Plan review evidence gathering.

2.3 Central Costs (£93,000 negative variance)

Additional investment in ICT (funded from a reserve), small initial costs related to securing the Foxlease site and general additional inflationary pressures.

2.4 Capital Budgets (£83,000 negative variance)

Higher than expected legal and tax costs for Foxlease purchase (funded from a reserve).

2.5 Authority-led Partnership Projects (higher expenditure and income)

These projects are often multi-year and with a significant number of partners, therefore it can be very difficult to estimate the income and expenditure within a particular financial year. Higher spend, and therefore corresponding income, was seen in the Species Survival Fund and YouCAN projects this year.

3 Income – Key Variances (from table in Annex 1)

3.1 Planning Income (£81,000 negative variance)

Whilst planning income is inherently difficult to predict, income for Q4 was significantly lower than expected (note: the budgeted income for 2026/27 has already been reduced as a result).

3.2 Investment & Interest Income (£32,000 positive variance, +23%)

As discussed in the quarterly monitoring reports through the year, due to the higher-than-expected national interest rates, our investments (reserves) have brought us significantly more interest this year. A full report on the Treasury function during 2025/26 is attached to this report as **Annex 6**.

5 Partnership Projects (from table in Annex 4)

5.1 The Authority spent a total of £1,977,000 during 2025/26 on Authority-led Partnership Projects as set out in the table in Annex 4. Of this funding, just £29,000 was put in by the Authority.

6 Reserves (from table in Annex 5)

- 6.1 The projected position of the Reserves is shown in Annex 5.
- 6.2 Various transfers to and from earmarked reserves are listed in the table in Annex 5. These generally constitute either spending from existing reserves or ring-fenced funding (received in advance) being added to a reserve, as categorised below:

Utilised Amounts – Financial Stability Reserve (£352k), Revenue Support (£79k), Nature Recovery (£40k), Travel & Transport (£70k), Local Plan (£30k), YouCAN (£29k), New Routes to Nature (£4k), Arts Projects (£13k), Sustainable Communities Fund (£9k), PedALL (£52k), Capital / Major Projects (£57k), Planning / Risk (£23k), Pay Reserve (£30k) and Land Advice (£14k).

Set Aside / Ring-fenced Amounts – Local Enhancement Initiative (£74k), Bird Aware Projects (£67k) and Housing Reserve (£20k).

- 6.3 This gives draft 'key' reserve balances of:

Minimum General Fund Reserve	£350,000
Revenue Support Reserve	£8,000
Planning / Risk Reserve	£148,000*
Capital / Major Projects Reserve	£500,000

*This will be refunded up to at least £200,000 over the coming financial year.

7 Developer Contributions (from table in Annex 5)

- 7.1 The first table of Annex 5 shows a summary of the Developer Contributions held by the Authority at year-end. A total of £617,000 was received during the year and £199,000 released.
- 7.2 As Members are aware, a significant proportion of the Affordable Housing contributions will be utilised to fund a pair of homes at the site in Burley in 2026/27.

8 Procurement Waivers

- 8.1 There were no significant procurement waivers granted in 2025/26.

9 Accounts and Accounting Policies 2025/26

- 9.1 At this time it is expected that few changes will be required to the Authority's existing Accounting Policies in order to produce the Financial Report / Statement of Accounts for 2025/26 - a new policy will be drafted for indexation of assets, though the first impacts of this are unlikely to be seen until 2026/27 at the earliest.

10. Recommendations

It is recommended that Members:

- 1 note the provisional outturn position;
- 2 note the Treasury Management Stewardship Report and Prudential Indicators 2025/26 in Annex 6; and
- 3 approve the *indicative* transfers to/(from) Reserves in 2025/26 as set out in section 6 and detailed in Annex 5.

Papers:

RAPC 594/26	Budgetary Control Report
RAPC 594/26 Annex 1	Budget Monitoring
RAPC 594/26 Annex 2	2025/26 Budget Formats
RAPC 594/26 Annex 3	Programme Fund
RAPC 594/26 Annex 4	Authority-led Partnership Projects
RAPC 594/26 Annex 5	Projected Developer Contributions and Reserve Balances
RAPC 594/26 Annex 6	Treasury Management Stewardship - Report & Prudential Indicators

Equality and Diversity Implications:

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

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Annex 1

Budget Monitoring 2025/26

Summary Accounts for the period 1 April 2025 – 31 March 2026

	Original Budget	Payments to date	% of Budget Spent
	£000	£000	
<u>Expenditure:</u>			
Employee Costs (Salary, Travel, Pensions etc)	3,099	3,140	101%
Programme Fund	180	186	103%
Sustainable Communities Fund	30	39	130%
Strategy & Planning	90	292	324%
Central Costs (split below)	797	890	112%
Capital Budgets (split below)	1,546	1,629	105%
Subtotal	5,742	6,176	108%
Authority-led Partnership Projects	1,331	1,977	149%
Total Expenditure	7,073	8,153	115%

<u>Income:</u>			
Defra National Park Grant (Revenue)	-3,019	-3,019	100%
Defra National Park Grant (Capital)	-1,393	-1,393	100%
Defra Access for All (Capital)	-153	-153	100%
Planning Income	-600	-519	87%
Shared Services	-228	-214	94%
Income Generation (inc Affordable Housing)	-90	-88	98%
Investment & Interest Income	-140	-172	123%
Net Contribution to Other Earmarked Reserves (estimated)	-119	-641	540%
Subtotal	-5,742	-6,199	108%
Authority-led Partnership Projects	-1,331	-1,954	147%
Total Income	-7,073	-8,153	115%

Central Costs Split

	Latest Budget £000	Payments to Date £000	% of Budget Spent
Secretariat	49	48	98%
Human Resources	75	80	107%
ICT Services	195	241	124%
Member Services	69	72	104%
Finance & Audit Services	89	94	106%
Accommodation	230	254	110%
Business Support (e.g. insurance, printing, stationery)	90	101	112%
TOTAL	797	890	112%

Capital Budgets Split

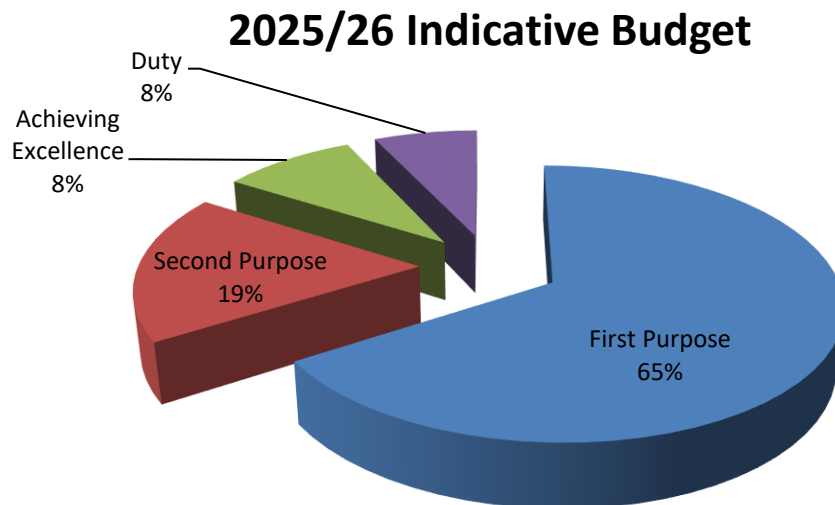
	Original Budget £000	Payments to Date £000	% of Budget Spent
Website Update	50	48	96%
Income Generation and/or Land improvements for Climate and Nature Recovery	1,343	1,428	106%
Access for All	153	153	100%
TOTAL	1,546	1,629	105%

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 outturn in Authority's formal reporting format

	Budgeted Net Cost of Services 2025/26		Actual Expenditure 2025/26	Actual Income 2025/26	Net Actual 2025/26
	£000		£000	£000	£000
Conservation of the Natural Environment	304		1,952	-1,646	306
Conservation of Cultural Heritage	233		279	-49	230
Recreation Management and Transport	349		799	-447	352
Promoting Understanding	540		642	-120	522
Rangers, Estates and Volunteers	160		215	-59	156
Development Control	802		1,569	-519	1,050
Forward Planning and Communities	432		507	0	507
Corporate and Democratic Core	458		2,190	-1,481	709
SUBTOTAL	3,278		8,153	-4,321	3,832
National Park Grant	-3,019				-3,019
Investment & Interest Income	-140				-172
Use of Reserves	-119				-641
TOTAL	0				0

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	12	100%	Work with Freshwater Habitats Trust
Natural Environment Evidence Base (HBIC / WRC)	15	14	93%	
Archaeological Projects and SLAs	8	5	63%	
OTHER (Projects £3,000 or less)	7	7	100%	
FIRST PURPOSE SUBTOTAL	42	38	90%	
SECOND PURPOSE*	£000	£000		
Access Improvements	7	7	100%	
Health and Wellbeing	5	2	40%	
Education (Travel Grants and Resources)	10	11	110%	
Recreation Management	5	7	140%	
Interpretation & Information	8	14	175%	
New Forest Show	6	6	100%	Promotional/educational materials will also be used at future events
Media and Promotion	23	28	122%	
Publications and Advertising	32	38	119%	
Contact Management System	5	5	100%	
Ranger Projects	5	3	60%	
People and Wildlife Ranger Projects	4	4	100%	
OTHER (Projects £3,000 or less)	6	5	83%	
SECOND PURPOSE SUBTOTAL	116	130	112%	

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
DUTY*	£000	£000		
New Forest Marque	4	4	100%	
Sustainable Tourism	5	5	100%	
Sustainable Transport	8	4	50%	
OTHER (Projects £3,000 or less)	5	5	100%	
DUTY SUBTOTAL	22	18	82%	
TOTAL EXPENDITURE	180	186	103%	

*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 2).

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	169	89%	
YouCAN - Youth for Climate & Nature (Lottery)	10	225	235	460	100%	
Higher Level Stewardship	0	95	95	92	97%	
Health Fellowship Programme	0	36	36	0	0%	£180k of funding over 5 years
Hampshire Greenprint	0	10	10	4	40%	
Species Survival Fund (Defra)	11	215	226	760	100%	
New Routes to Nature – Volunteers (Lottery)	3	112	115	111	97%	
Landscape Enhancement Initiative Projects (National Grid)	0	75	75	37	49%	
Farming In Protected Landscapes – Grants Fund (Defra)	0	318	318	296	93%	
Land Advice Service	5	55	60	48	80%	
TOTAL	29	1,331	1,360	1,977	145%	

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	391	0	45
Funds Spent / Released	0	(102)	(52)	0	(45)
Current Balance	1,048	72	1,179	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 £46,000.

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	350	0	350
Earmarked Reserves:			
Revenue Support Reserve	87	(79)	8
Financial Stability Reserve	352	(352)	0
Capital / Major Projects Reserve	557	(57)	500
Planning / Risk Reserve	170	(22)	148
Other (net)	1,335	(131)	1,204
TOTAL	2,851	(641)	2,210

All movements are the *net* overall position for each heading but may incorporate a number of individual movements both to and from those reserves.

Annex 6

ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2025/26

1. Introduction

- 1.1 The annual treasury report is a requirement of the Authority's reporting procedures and covers the treasury activity for 2025/26. The report also covers the actual Prudential Indicators for 2025/26 in accordance with the requirements of the Prudential Code.

2. Background

- 2.1 The Authority's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
 - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
 - The SI also requires the Authority to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
 - Under the Act, DLUHC has issued Investment Guidance to structure and regulate the Authority's investment activities.
- 2.2 This Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that any activities are undertaken in a prudent, affordable and sustainable basis.
- 2.3 The Code requires, as a minimum, the regular reporting of treasury management activities to:
- Forecast the likely activity for the forthcoming year (in the Annual Treasury Strategy Report); and

- At least two reports on activity and performance one of which will be the annual report (this report).

2.4 This report sets out the information in the following appendices: -

Appendix 1

- A summary of the treasury strategy agreed for 2025/26;
- A summary of the economic factors affecting the strategy over 2025/26;
- The decisions taken and performance of the treasury service and their revenue effects;
- The Authority's treasury position at 31 March 2026.

Appendix 2

- The main Prudential Indicators and compliance with limits;
- Performance indicators set for 2025/26;
- Risk and performance.

APPENDIX 1

TREASURY MANAGEMENT STEWARDSHIP REPORT – 2025/26

1. Introduction

This appendix sets out the performance for the Authority's treasury management activities.

2. Treasury strategy for 2024/25

The Authority approved the Treasury Management Strategy for 2025/26 in March 2025 (NFNPA AM 710/25).

The main principles of the investment strategy cover: -

- The security of investments;
- The liquidity of investments;
- Monitoring investment categories and counterparties;
- The use of money brokers;
- Performance indicators.

3. The Economy and Interest Rates

3.1 UK and Global Economic Background & Outlook

UK GDP growth is generally low, as is most of continental Europe and the US. Following a sharp initial decline in GDP and other economic output figures globally during 2020-21, there has recently been clear, but very slow, signs of recovery in most of the major world economies.

Interest rates have risen significantly in recent years, to a level above its historic average, with the Bank of England seeking to stave off rising inflation; they are now starting to fall again:

Date	Bank Base Rate
At 1 April 2025	4.50%
May 2025	4.25%
August 2025	4.00%
December 2025	3.75%
31 March 2026	3.75%

3.2 UK Interest Rate Forecast(s)

Given the current economic conditions, it is not possible or practical to give further insight or estimates of future interest rate positioning at this time, other than to say that they have risen sharply in recent times, begun to reduce and most economists seem to expect it to not move significantly soon.

4. Investment strategy

- 4.1 During the year, no investments were made for 1 year; all were for shorter periods or in deposits with instant access. All investments during the year have allowed for anticipated cash flow movements both on a daily and annual basis.
- 4.2 Short-term temporary investments in 2025/26 have been on average for a period of 30-60 days; this does not include the instant access accounts where the Authority invests.

5. Investments / Holdings

- 5.1 Temporary Investments are deposits which are capable of being repaid within one year. The term of the loans are negotiated from overnight to 364 days.
- 5.2 The effective interest rate earned for the year was 4.3%.
- 5.3 For 2025/26, the interest receivable on temporary investments was £158,000 and on the current account was £14,000; this is well above the estimated total of £140,000 which was originally budgeted.
- 5.4 A list of investments at 31 March 2026 is shown below:-

Counterparty	Principal	Interest Rate	Investment Date	Maturity Date
	£	%		
Money Market Fund (MMF)	500,000	3.90	Instant Access	
Debt Mgmt Office (DMO)	2,500,000	3.84	Instant Access*	
Lloyds Current Account	1,075,000	1.30	Instant Access	
Lloyds Savings Account	500,000	3.40	Instant Access	
Total	4,575,000			

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

6. Investment benchmark

- 6.1 The temporary investment interest earnings are measured against a target benchmark. It is expected that earnings will at least equal the benchmark.

- 6.2 The benchmark is equivalent to the Sterling Overnight Index Average (SONIA) rate available through the money markets and is measured over the financial year.
- 6.3 The table below shows the performance of the Authority's investments compared to the benchmark.
- 6.4 Results to 31 March 2026 are summarised as follows:

	1-year SONIA
	%
Benchmark Return	3.7
Actual Return	4.3
Return above/(below) Benchmark	+0.6

- 6.5 As at 31 March 2026 temporary investment interest earnings was significantly above the benchmark, however direct comparison is difficult given the changes in rates throughout the year, the length of investment and the relative higher security of the assets in which we choose to invest.

7. Investment instruments

- 7.1 All of the investments are made in money market deposits other than balances held in Money Market Funds.
- 7.2 All of these deposits earn a yield that is made up entirely of interest earnings. There is no capital appreciation/depreciation. No Gilts or Certificates of Deposits are used.

8. Borrowing Strategy

- 8.1 It was envisaged that no borrowing, other than the bank overdraft facility, would be required in 2025/26 and no loans were raised during the year.
- 8.2 The Authority's overdraft facility with the bank was not used at all during the year and therefore no interest was charged.

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. Treasury Position at 31 March 2026

- 10.1 The following table shows the treasury position at the 31 March 2026 compared with the previous year. All investments have interest payable at a fixed coupon rate for the period of the investment other than the Instant Access account and the Money Market Fund which are variable: -

	31 March 2025		31 March 2026	
	Principal	Rate	Principal	Rate
Temporary Cash-flow Investments				
Bank, Building Society & Gov't Instant Access - Variable Deposit	£4.17m	4.14%	£4.08m	3.12%
Money Market Fund	£0.50m	4.20%	£0.50m	3.90%
Total Investments	£4.67m	4.15%	£4.58m	3.21%

APPENDIX 2

PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES TO 31 MARCH 2026

1. Introduction

- 1.1 The Authority is required by the Prudential Code to report the actual prudential indicators after the year-end.
- 1.2 The following table, at Paragraph 2.2, provides a schedule of all the mandatory prudential indicators applicable to the Authority. However only the Authorised Borrowing Limit is statutory and must not be breached; the other prudential indicators are for guidance only.
- 1.3 Certain of these indicators must be compared to others and are detailed later in this appendix.
2. Estimated and actual treasury position and prudential indicators
- 2.1 The following table compares the actual figure for 2025/26 with the original indicator for 2025/26 and the actual figure for 2024/25.
- 2.2 The original indicator for 2025/26 is the same as was included in the Treasury Management Policy and Strategy Report 2025/26 (NFNPA AM 710/25).

		2024/25 Actual £000	2025/26 Original Indicator £000	2025/26 Actual £000
1	Capital Expenditure (note: assumed Burley development each year)	350	530	c1,600
2	Treasury Position at 31 March - Investments	4,000	2,500	3,500
3	Authorised Borrowing Limit (against maximum position)	0	0	0
4	Operational Borrowing Limit (against average position)	0	0	0
5	Investments - Upper limits on fixed interest rates (against maximum position)	Maximum N/A	Maximum 100%	Maximum N/A
6	Investments - Upper limits on variable interest rates (against maximum position)	Maximum 100%	Maximum 100%	Maximum 100%
7	Interest on Net Investments	186	140	172
8	Maximum principal funds invested (against maximum position)	Maximum 4,000	Maximum 5,000	Maximum 4,000
9	Ratio of capital financing costs to net revenue stream	9%	21%	46%

- 2.3 There were no reportable breaches of any statutory limits during the year.
- 2.4 The Authorised Limit must not be breached. The table demonstrates that during 2025/26 the Authority has maintained gross borrowing within its Authorised Limit.

	2025/26
Authorised Limit	£2.00m
Operational Boundary	£0.00m
Maximum gross borrowing position during the year	£0.00m
Minimum gross borrowing position during the year	£0.00m

The Operational Boundary is the expected average borrowing position of the Authority during the year, and periods where the actual position is over the Boundary is acceptable subject to the Authorised Limit not being breached.

- 2.5 In addition to the above the Authority has adopted the CIPFA Code of Practice which is required as a Prudential Indicator.
- 2.6 The Authority's Minimum Revenue Provision (MRP) for the 2025/26 year, and its current estimate for 2026/27, exactly matched the original projections as shown below:

	As at 1 April 2024 £000	End 2024/25 £000	End 2025/26 £000	End 2026/27 £000	End 2027/28 £000	End 2028/29 £000
MRP	245	154	59	0	0	0

3. Treasury service performance indicators for 2025/26

- 3.1 The treasury service has set the following performance indicator:
- For money market investments, the benchmark for return should be set by the Sterling Overnight Index Average (SONIA) rate.
- 3.2 The performance indicator was 3.7% for the year; the performance was 4.3% as explained in paragraphs 6.2-6.5 in appendix 1 above.

4. Risk and performance

- 4.1 The Authority has complied with all of the relevant statutory and regulatory requirements that limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable, and that its treasury practices demonstrate a cautious approach.

- 4.2 The Authority is aware of the risks of passive management of the treasury portfolio and has proactively managed the investments over the year subject to both counterparty and cash flow constraints but tempered by the uncertain market conditions.
- 4.3 Shorter-term market rates and likely future movements of interest rates predominantly determine the Authority's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised (though never totally negated) through the annual investment strategy, accurately forecasting future returns can be difficult.
- 4.4 The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of default applies to all of the Authority's deposits, even more so within the current pandemic situation, but there was no evidence at 31 March 2026 that this was likely to crystallise.
- 4.5 Section 5 of appendix 1 shows the returns for 2025/26.