

NFNPA RAPC 606/26

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 2 NOVEMBER 2026

HALF YEAR BUDGETARY CONTROL REPORT 2026/27

Report by: Nigel Stone, Director of Resources & Operations (CFO) and Tom Knott, Finance & Sustainable Procurement Officer

Purpose:

This report provides a summary of financial performance up to the end of September 2026, the first six months of the 2026/27 financial year.

1. Introduction

- 1.1 This report provides a summary of financial performance in the first half of 2026/27, 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 2026/27 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 2026/27 are £8.21m, as shown in Annex 1. This includes £1.6m from capital projects and £1.86m from Authority-led partnership projects (externally-funded).
- 2.2 The overall expenditure position shows £3.4m spend over the first six months of the financial year (42% of budget). Without the capital and partnership projects, spend was £2.4m from a budget of £4.8m (50%).
- 2.3 The overall income position shows £3.7m received (45% of budget) over the first six months of the financial year. Without the capital and partnership projects, income was £2.4m from a budget of £4.8m (50%).

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. Capital budgets spend is low during this period as projects are still be sought, developed and/or finalised.

Current Net Position: Balanced Budget.

- 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.
- 4.3 The Authority has very recently settled the Vernon Dene (Judicial Review challenge in the Court of Appeal) planning case, with costs agreed at £230,000. These funds will initially come from risk reserves (held for this exact purpose), which will be replenished through plans within the 2027/28 budget process.

5. Sustainable Communities Fund (SCF) Monitoring

- 5.1 The SCF budget for 2026/27 is £20,000 and we have £38,000 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 £5,000 has been claimed.

6. Developer Contributions

- 6.1 As detailed in Annex 5, during the first six months of the financial year a further £103,000 has been received in respect of developer contributions and £1,000 spent or allocated.
- 6.2 As Members are aware, a very significant proportion of the remaining Affordable Housing contributions are being 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 revised budget approved in July 2026.

8. Treasury Management Position

- 8.1 The half-year Treasury Management position projects that the Authority will receive around £140-150,000 from interest on its investments and holdings this year (an overall return of around 3.7%); this is currently ahead of the original budget projection for £110,000. More information is provided in Annex 6.

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 2026/27 we will receive over £1.85m 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 £54 from funders / partner organisations. On average, over the last five years, we have generated a further £29 from funders / partner organisations.

10. Capital Projects

- 10.1 In July the Authority approved the overall capital budgets for utilising the £1.4m of core capital funding and £0.15m of capital access funding. Officers have since been scoping out a number of projects and potential projects under these workstreams as set out at the recent Authority meeting; a Task & Finish group of Officers and Members has since been established to report back to the November Authority meeting.

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 606 /26	Budgetary Control Report
NFNPA/RAPC 606 /26 Annex 1	Budget Monitoring
NFNPA/RAPC 606 /26 Annex 2	2026/27 Budget Formats
NFNPA/RAPC 606 /26 Annex 3	Programme Fund
NFNPA/RAPC 606 /26 Annex 4	Authority-led Partnership Projects
NFNPA/RAPC 606 /26 Annex 5	Developer Contributions and Reserve Balances
NFNPA/RAPC 606 /26 Annex 6	Half Year Treasury Performance Report

Equality and Diversity Implications:

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

Contact:

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

Annex 1

Budget Monitoring 2026/27

Summary Accounts for the period 1 April – 30 September 2026

	Original Budget	Payments to date	% of Budget Spent
	£000	£000	
<u>Expenditure:</u>			
Employee Costs (Salary, Travel, Pensions etc)	3,169	1,605	51%
Programme Fund	690	168	24%
Sustainable Communities Fund	20	5	25%
Strategy & Planning	100	77	77%
Central Costs (split below)	812	563	69%
Subtotal	4,791	2,418	50%
Capital Budgets (split below)	1,560	80	5%
Authority-led Partnership Projects	1,855	942	51%
Total Expenditure	8,206	3,440	42%
<u>Income:</u>			
Defra National Park Grant (Revenue)	-4,725	-2,363	50%
Planning Income	-564	-244	43%
Shared Services	-252	-134	53%
Income Generation (inc Affordable Housing)	-90	-37	41%
Investment & Interest Income	-110	-74	67%
Net Contribution to Other Earmarked Reserves (estimated)	950	475	50%
Subtotal	-4,791	-2,377	50%
Defra Capital National Park Grant & Access Funding	-1,560	-780	50%
Authority-led Partnership Projects	-1,855	-559	30%
Total Income	-8,206	-3,716	45%

Central Costs Split

	Latest Budget £000	Payments to Date £000	% of Budget Spent
Secretariat	50	40*	80%*
Human Resources	67	43	64%
ICT Services	210	178*	84%*
Member Services	71	39	55%
Finance & Audit Services	99	10	10%
Accommodation	210	182*	87%*
Business Support (e.g. insurance, printing, stationery)	105	71*	68%*
TOTAL	812	563	69%

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

Capital Budgets Split

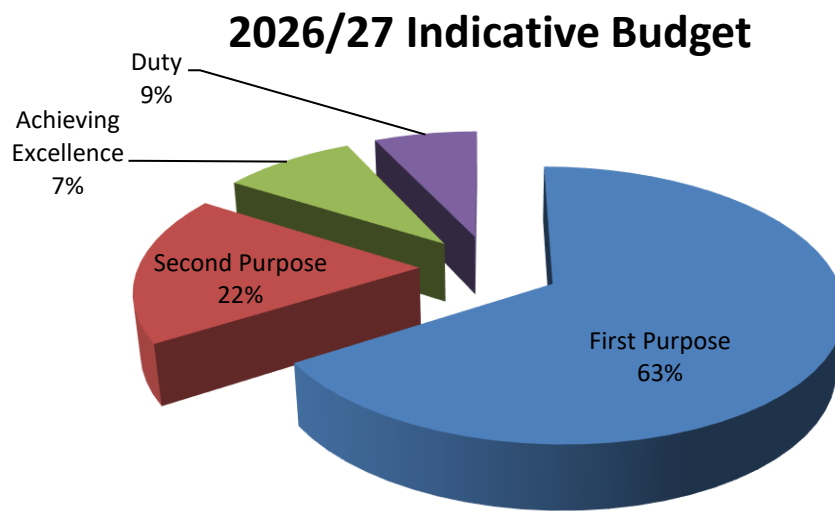
	Original Budget £000	Payments to Date £000	% of Budget Spent
Website Update	30	10	33%
ICT Renewals	57	31	54%
Foxlease Rental Properties	420	27	6%
Income Generation and/or Land improvements for Climate and Nature Recovery	900	0	0%
Access Capital	153	12	8%
TOTAL	1,560	80	5%

Annex 2

2026/27 Original Revenue Budget (£4.79m – not including partnership projects) shown as ‘Purposes, Duty and Achieving Excellence’

	First Purpose*	Second Purpose	Duty	Achieving Excellence
	£000	£000	£000	£000
Employee Costs (allocated)	2,092	538	254	285
Programme Fund (approximation)	246	320	124	-
Sustainable Communities Fund (approximation)	12	6	2	-
Strategy & Planning	100	-	-	-
Central Costs (allocated)	536	138	65	73
TOTAL	2,986*	1,002	445	358

*Includes all costs directly related to the Planning Service



2026/27 Budget revenue position in Authority's formal reporting format

	Budgeted Net Cost of Services 2026/27		Actual Expenditure April - Sept	Actual Income April – Sept	Net Actual April - Sept
	£000		£000	£000	£000
Conservation of the Natural Environment	583		382	-35	347
Conservation of Cultural Heritage	226		145	-15	130
Recreation Management and Transport	324		235	-31	204
Promoting Understanding	552		365	0	365
Rangers, Estates and Volunteers	198		178	-45	133
Development Control	1,082		871	-244	627
Forward Planning and Communities	466		324	-36	288
Corporate and Democratic Core	454		333	-9	324
SUBTOTAL	3,885		2,833	-415	2,418
National Park Grant	-4,725			-2,363	
Investment & Interest Income	-110			-74	
Use of Reserves	950			475	
TOTAL	0			-2,377	

Annex 3

Programme Fund 2026/27	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
MAJOR PROJECTS	£000	£000		
Partnership Plan Development	175	0	0%	Tenders being drafted
Green Links Studies	100	0	0%	Tender currently live
Income Generation Strategy	80	0	0%	Tender soon to be live
Organisational Development Strategy	80	24	30%	
OTHER	75	39	52%	
MAJOR PROJECTS SUBTOTAL	510	63	12%	
FIRST PURPOSE*	£000	£000		
Ecology and Catchment Co-ordination	12	0	0%	Work with Freshwater Habitats Trust
Natural Environment Evidence Base (HBIC / WRC)	15	15	100%	
Archaeological Projects and SLAs	8	2	25%	
OTHER (Projects £3,000 or less)	7	2	29%	
FIRST PURPOSE SUBTOTAL	42	19	45%	
SECOND PURPOSE*	£000	£000		
Access Improvements	7	2	29%	
Health and Wellbeing	5	3	60%	
Education (Travel Grants and Resources)	10	8	80%	
Recreation Management	5	5	100%	
New Forest Show	6	6	100%	
Interpretation & Information	8	8	100%	

	Original Project Budget	Payments to date	% of Budget Spent	Notes on significant variations
Media and Promotion	23	14	61%	
Publications and Advertising	32	20	63%	
Contact Management System	5	0	0%	
Ranger Projects	5	1	20%	
People and Wildlife Ranger Projects	4	2	50%	
OTHER (Projects £3,000 or less)	6	4	67%	
SECOND PURPOSE SUBTOTAL	116	73	63%	
DUTY*	£000	£000		
New Forest Marque	4	0	0%	Grant payment – supplemented by comms and admin staffing support
Sustainable Tourism	5	2	40%	
Sustainable Transport	8	8	100%	
OTHER (Projects £3,000 or less)	5	3	60%	
DUTY SUBTOTAL	22	13	59%	
TOTAL EXPENDITURE	690	168	24%	

* The designation of projects to 'First Purpose, Second Purpose & Duty' 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 2026/27

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	71	37%	Multi-year project
YouCAN - Youth for Climate & Nature (Lottery)	10	280	290	290	100%	Core scheme ended in August, a further £120k (included in figures) is available for ending the scheme over the following two months.
Higher Level Stewardship	0	98	98	44	45%	
Health Fellowship Programme	0	36	36	34	94%	£180k of funding over 5 years
Active Travel England (Direct funding)	0	200	200	132	66%	
New Routes to Nature – Volunteers (Lottery)	10	100	110	48	44%	Multi-year project
Landscape Enhancement Initiative Projects (National Grid)	0	400	400	215	54%	Multi-year projects
Farming In Protected Landscapes – Grants Fund (Defra)	0	321	321	79	25%	
Wildlife Rich Habitats (Defra)	0	175	175	0	0%	
Phenology Project (Estee Lauder / South Downs Trust)	0	20	20	10	50%	
Land Advice Service	5	35	40	19	48%	
TOTAL	25	1,855	1,880	942	50%	

Annex 5

Developer Contributions:

	Affordable Housing	Open Space	Ecological Mitigation	Transport (via HCC)	Solent Mitigation (via Fareham)
	£000	£000	£000	£000	£000
Starting Balance	1,048	72	1,179	0*	0*
Funds Received	0	0	102	0	1
Funds Spent / Released	0	0	0	0	(1)
Current Balance	1,048	72	1,281	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 £151,000.

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	350	0	350
Earmarked Reserves:			
Revenue Support Reserve	13	0	13
Financial Stability Reserve	0	1,100	1,100
Capital / Major Projects Reserve	500	0	500
Planning / Risk Reserve	170	20	190
Other (net)	1,203	(170)	1,033
TOTAL	2,236	950	3,186

Annex 6

HALF YEAR TREASURY MANAGEMENT PERFORMANCE REPORT

1. Introduction

- 1.1 This report covers the period 1 April to 30 September 2026 for the Authority's treasury management activities.

2. Strategy for 2026/27

- 2.1 The Treasury Management Strategy for 2026/27 was approved on 26 March 2026 (NFNPA AM 735/26).
- 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 3.5–4%.
- 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 3.75%.

4. Market background - UK & Global economy

- 4.1 UK, Eurozone and US economies are largely 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 2026, followed by two years of a slow outlook. UK CPI inflation continues to be persistently high in recent months and currently stands at around 3.5% (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 2026/27 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 2026 was equivalent to an **annual rate of return of 3.7%**.
- 5.4 The original estimate for interest earnings for 2026/27 was £110,000 based on an average forecast interest rate of 3.1% on £3,500,000 invested over the year. The latest prudent forecast would be around £140-150,000 in interest earnings for the year.
- 5.5 A list of investments at 30 September 2026 is shown in section 11 below.
- 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 2026 compared to the benchmark. The performances are shown as annualised figures.

	Cash Flow Investments
	%
Benchmark Return (annualised)	3.7
Actual Return (annualised)	3.7
Return above Benchmark	-

- 6.5 As at 30 September 2026, our cash-flow interest earnings matched the 2026/27 benchmark. By year-end, our actual return should also 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 £2.5m with each institution currently; the exception being the Authority's own bank for which the limit will be £3.5m, of which up to £2.5m can be held without instant access. The limit on government accounts, such as the DMO, is £3.0m.
- 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 2026/27.

10. Conclusions

- 10.1 Temporary interest earnings of around £140-150,000 (exceeding the original budget) are forecast for the 2026/27 financial year.

11. Investments & Holdings at 30 September 2026

Counterparty	Principal	Interest Rate	Investment Date	Maturity Date
	£	%		
Money Market Fund (MMF)	500,000	3.80	Instant Access	
Debt Mgmt Office (DMO)	2,250,000	3.70	Instant Access*	
Lloyds Current Account	462,000	1.50	Instant Access	
Lloyds Savings Account	2,000,000	3.60	Instant Access*	
Total	5,212,000			

* Although invested for a set period, usually one to three months, these funds can be accessed instantly if required (subject to an interest penalty).