



NPA/26/003

Dartmoor National Park Authority

6 March 2026

Budget And Medium-Term Financial Plan 2026/27 to 2028/29

Report of the Head of Business Support and Chief Executive (National Park Officer)

- Recommendations: **That Members:**
- (i) **Approve the 2026/27 budget and note the indicative budgets for 2027/28 and 2028/29 as shown in Appendices 1 – 3;**
 - (ii) **Approve the use of Earmarked Reserves balances as set out in Appendix 5;**
 - (iii) **Approve the Capital Investment Strategy as set out in section 5 of the report; and**
 - (iv) **Approve the continuation of the Capital Task and Finish group.**

1 Introduction and Context

- 1.1 The Authority is required by statute to set a balanced annual revenue budget. The basis for the revenue and capital expenditure is the pursuit of 'National Park Purposes.' The National Parks and Access to the Countryside Act 1949 (as amended) sets out two statutory purposes for National Parks:
- To conserve and enhance the natural beauty, wildlife and cultural heritage.
 - Promote opportunities for the understanding and enjoyment of the special qualities of national parks by the public.
- 1.2 The Authority also has a duty to seek to foster the economic and social well-being of local communities within the National Park. As noted in the draft Business Plan (NPA/26/xxx), the Authority seeks, wherever possible, to integrate delivery of the purposes and the duty.
- 1.3 The key source of funding for the Authority is National Park Grant (NPG) which is paid by the Department of the Environment, Food and Rural Affairs (Defra). Currently NPG accounts for over 52% of total revenue income.
- 1.4 At the time of drafting this report Defra are yet to provide official confirmation of NPG for 2026/27 and for the medium term. This budget has been set on the assumption of

a flat cash settlement. Officials indicated that they hope to confirm individual NPGs prior to the start of the new financial year.

- 1.5 Defra officials have indicated that there will be a capital fund for the ten NPAs. The capital fund is to be used on “any activity which furthers protected landscapes’ contributions to 30by30, income generation or cost saving”. The capital budget has been set on the assumption grant will be equivalent to the 2025/26 allocation.
- 1.6 The potential capital fund might help mitigate the expected flat cash revenue funding for 2026/27 by way of swapping revenue to capital expenditure. However, this is not certain and will depend on the amount of capital funding allocated to Dartmoor and the criteria that govern or inform eligible expenditure. The categorisation of spend as capital or revenue is determined by the Chartered Institute for Public Finance and Accountability (CIPFA) code.

2 Financial Context

- 2.1 Since 2010/11, NPG has been cut in real-terms by 54% (based on Consumer Price Index CPI). In ‘cash terms,’ if NPG had kept pace with inflation (CPI), it would now be worth more than £7.7m, but we anticipate receiving a revenue grant of £3.5m in 2026/27.
- 2.2 The Authority has successfully secured external funding for projects, but this funding does not support our core services and requires staff time to secure and manage. We continually assess our assets for potential income generation; however, the reality is that we own few assets with significant revenue potential. Moreover, many of our so-called ‘assets,’ while classified as such under accounting conventions, are in practice liabilities.

3 2025/26 Budget and Medium-Term Financial Plan (MTFP) Overview

- 3.1 The 2026/27 Budget and indicative financial plans for 2027/28 and 2028/29 can be found at Appendices 1 to 3. The Authority does not build each annual budget on an incremental basis, choosing instead to zero-base each year. Assumptions used are:
 - Pay Award: the single largest area of expenditure is staff salaries. A 3% pay award has been assumed for 2026/27, 3% for each subsequent year 2027/28 and 2 % 2028/29. An extra 1% increase in pay, if awarded in year 1, would cost over £30k; a provision for this is included within earmarked reserves; inflation and price increases are only included after discussion with suppliers / service providers;
 - External grant income: only included if confirmed;
 - Fees and charges income: target budgets are estimated using historical and trend data;
 - NPG: for planning purposes the MTFP assumes that our core grant for 2026/27 will be £3,532,028 and then flat cash for the remaining years of the MTFP.
- 3.2 Based on the assumptions above we have a gap of £528,290 in our revenue budget for 2026/27 which will need to be funded from reserves. It should be noted some of the reserve usage is to cover for the byelaw review and a volunteer coordinator see draft business plan (NPA/26/xxx). Table 1 indicates that the funding gap increases in years 2 and 3 of the MTFP. These figures assume no further cut to the revenue budget and same cost and income base throughout the period of the MTFP.

Table 1: Flat Cash for the period of the MTFP

No increase in NPG	Budget Gap / (Surplus) £
2026-2027	528,290
2027-2028	825,623
2028-2029	1,001,893
Total	2,355,806

- 3.3 The scenario presented above does not take into consideration the potential option to convert revenue to capital expenditure. If this were taken into consideration, then the potential gap will be as follows:

Table 2: Flat Cash for the period of the MTFP, with revenue to capital expenditure

No increase in NPG	Budget Gap / (Surplus) £
2026-2027	234,452
2027-2028	532,099
2028-2029	698,991
Total	1,465,542

4 Budget Detail

- 4.1 The following table provides a summary of some of the most significant projects and income targets that have been included in the MTFP; some of which may become at risk if increased core funding is not forthcoming.

Projects and Programmes	2026/27 £	2027/28 £	2028/29 £
Pine Marten Reintroduction	5,000	0	0
Management of own land	5,500	5,500	5,500
Outreach & Education (incl. Ranger Ralph, Junior & Youth Rangers)	10,715	12,200	12,950
Electric Vehicle lease – 2 pool cars	9,500	9,500	10,000
Property maintenance programme	19,500	23,500	19,500
Car parking income – demand led	(200,000)	(205,000)	(210,000)
Planning fee income – demand led	(290,000)	(290,000)	(290,000)
Visitor Centres retail stock procurement	60,000	70,000	70,000
Visitor Centres sales income	(145,000)	(155,000)	(155,000)
Donate for Dartmoor (target not budget)	(15,000)	(15,000)	(15,000)

- 4.2 Members' attention is also specifically drawn to the following projects:

- (i) The Hill Farm Project (HFP) is a partnership between the Authority, Duchy of Cornwall and the farming community. The Authority effectively acts as guarantor for the project. The Duchy of Cornwall contributes £15,000 per annum; this sum has not increased for a number of years. The HFP team will also support the Farming in Protected Landscapes and Dartmoor's Dynamic Landscapes.

- (ii) The Authority is a delivery partner in the South West Peatland Partnership programme, led by South West Water, which commenced in 2018/19. The programme has been extended until March 2027. To date there has been no confirmation as to whether project is to continue beyond March 2027. If the project ceases in March 2027 there may be an additional call on reserves.
- (iii) Dartmoor’s Dynamic Landscapes is an external funded project working in partnership with others to help deliver key priorities in the Dartmoor Partnership Plan: to help restore nature and protect and enhance the cultural heritage across the identified catchments and three hubs of Ivybridge, Princetown and Okehampton. In December 2024, the Authority was successful in securing a grant of £3,124,179 from the National Lottery Heritage Fund. The five-year delivery programme will run until March 2030. Currently, there is a risk of circa £300k shortfall of match funding. The Dartmoor Dynamic Landscapes Board are working to mitigate this risk.
- (iv) The Authority is also a delivery partner for the Dartmoor Headwaters Project, which is being led by the Environment Agency (EA). A budget of £8 million has been secured by the EA to 2027. The Authority is employing the Project Officers, which then recharges all the cost to the EA. There is uncertainty about the future of this project and the authority is currently liaising with the EA.
- (v) Farming in Protected Landscapes programme (FiPL) – commenced in July 2021, initially as a three-year project but was then extended, with Defra confirming that the programme will be extended for another three years. We anticipate that the FiPL project fund for Dartmoor in 2026/27 will be circa £912,987.
- (vi) The Authority has successfully secured an additional £200,000 in funding from the Department for Transport to support the Active Travel England project. This funding will cover an 18-month delivery period.

4.3 In recent years the Authority has operated a Project Fund as part of its Revenue Budget. This Fund has enabled us to: buy-in additional support and capacity; to match-fund new projects; fund small projects that deliver National Park purposes and to invest in new equipment during the financial year. This strategy has helped to provide flexibility and agility, and it is therefore proposed that we continue with this approach for the life of the new MTFP. The amount allocated to the Project Fund for each year is summarised below:

Project Fund	£
2026/27	75,000
2027/28	75,000
2028/29	75,000

4.4 The last triennial valuation of the Local Government Pension Fund took place in 2025 and the Authority’s funding level improved from 101.6% in 2022 to 104.3% on 31 March 2025. An employer contribution target rate was subsequently set by the Actuary to 17.0% of pensionable pay, rather than 19.7%. The Authority’s pension fund is fully funded, but we are on the cusp. However, this situation can alter due to external factors such as the state of the economy and members joining and/or leaving. Although the Actuary stated we needed to pay a suggested minimum of 19.7% the Authority had made the prudent decision to set the contribution rate to 20%, which Members agreed (NPA/23/010). The assumption made by the Actuary

and with the overpayment made by the Authority this has meant the contribution rate will reduce by 3%. This reduction has equated to savings of approximately £270,000 over the 2026/27 budget and MTFP. The next valuation will take place in 2028, with the new rates, once known, taking effect from 1st April 2029.

5 Capital Strategy and Prudential Indicators

- 5.1 As part of the annual budgeting process the Authority is required to produce an affordable Medium Term Capital Programme (MTCP) alongside its revenue budget, if relevant. There is also the requirement to produce a Capital Strategy in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2021. The Prudential Code is a professional code of practice to support local authorities when taking capital investment (fixed asset) decisions. The objectives are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. A Treasury Management & Investment Strategy report is also being presented for approval today.
- 5.2 The obligation to have a Capital Strategy has arisen, as some authorities have become increasingly willing to invest significant amounts in commercial developments, in order to generate returns that will offset some of the financial impact of austerity. For the Authority to undertake this type of investment it requires for us to do so via a recognised investment organisation or a trading company. The Authority is in the process of establishing a trading company.
- 5.3 This Authority rarely has a Capital Programme or the need for significant investment in physical assets in the same way as local authorities, who have responsibility for highways or housing. Capital spend for this Authority is commonly of a small scale nature such as related to vehicles or IT. For larger schemes such as new buildings or conversions, Members receive specific reports to support decision making; which provides background, the reasons why the scheme is being recommended and a cost benefit analysis; and will identify sources of finance. In advance of the report being presented to the Authority, Leadership Team will have scrutinised the proposed scheme.
- 5.4 We seek external contributions towards supporting our capital spend wherever possible. If capital receipts (sale of assets) become available, these must be used to finance capital spend. In the absence of both these, revenue income (via NPG or fees and charges) or revenue reserves are used to fund capital expenditure. The Authority has assumed for 2026/7 and the MTFP that we will receive a flat cash settlement of £1.4 million. It is recommended that the Capital task and finish group established in 2025/26 for reviewing capital programme options is retained and consulted on capital expenditure in 2026/27 and beyond.
- 5.5 Stewardship of our assets is led by Leadership Team and delivered by various officers within the Authority; the portfolio is small. Assets are kept under review to assess their ability to deliver or support National Park Purposes, to identify and manage future liabilities and identify opportunities for disposal. Built assets are subject to regular condition assessments and have a repair and redecoration programme that is built into the MTFP.
- 5.6 The Authority's capital programme for the MTFP period currently consists of:

Capital Scheme/ Project	2026/27 £	2027/28 £	2028/29 £
Core Capital Programme (Invest to Save, 30x30 and Income Generation)	1,159,999	1,160,313	1,150,935
Revenue to capital (Refcus)	293,838	293,524	302,902

Funded From	£	£	
Projected Capital Core Grant (Defra)	1,453,837	1,453,837	1,453,837

5.7 Capital Projects proposed in-year, will be subject to submission of a business case to have the allocation of required funding approved.

6 Reserves

6.1 The Authority adopts a risk-based approach to determining the level and use of reserves (NPA/AG/10/014). We formally review our reserves on an annual basis as part of the MTFP process. The reserves are allocated according to three 'categories':

- General Reserve (unallocated) - a contingency balance for emergency situations and is the minimum level that we have determined will always be maintained.
- Contingency Reserves (allocated) - provisions set aside using a risk-based analysis to cushion the impact of uneven cash flows, and unexpected events where the timing of and / or amounts are uncertain (e.g. pay awards, pension contributions, loss of income).
- Earmarked Reserves (allocated) - consisting of ring-fenced grants and contributions received from third parties, sums set aside for capital schemes, commitments against future contracts and agreements and our external funding allocations where we are working in partnership with others.

6.2 The Risk Based analysis can be found at Appendix 4 and is at a summary level. Appendix 5 shows the likely 'General Fund Reserve Balances' for the MTFP period at a detailed level. It can therefore be seen that the majority of our Reserve Balances are "allocated." The following table is a summary of how reserves are currently being allocated in each year of the MTFP the detail of which can see found at Appendix 5:

Earmarked Reserves	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Opening Balance	3,137,561	3,049,757	2,453,436	2,380,803
Movements	(87,804)	(596,321)	(72,633)	(179,984)
Closing Balance	3,049,757	2,453,436	2,380,803	2,200,819

General Reserve	500,000	500,000	500,000	500,000
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6.3 If no increases in NPG are received for the next two years our Earmarked Reserve balances will be reduced by over 39% at the end of this MTFP period based on current assumptions and scenario planning (the indicative budget deficit gap for the final two years of the MTFP have not been included).

- 6.4 Legislation does not prescribe how much the minimum level of reserves should be. The Section 151 Officer is tasked with recommending the minimum level of reserves required as part of the budget setting process having regard to elements of risk in the Authority's finances. Section 25 of the Local Government Act 2003 requires the S151 Officer to report on the adequacy of the Authority's financial resources on an annual basis.
- 6.5 Earmarked reserves are working balances, and many are ringfenced as they represent external match funding. These balances will naturally fluctuate between years. The current MTFP has been put together using cautious assumptions and our reserves risk assessed as normal. Years two and three are currently forecast to be in deficit. Subject to final confirmation of the NPG the Authority may need commence a business review in 2026/27 in order to reduce costs and set a balance budget in future years.
- 6.6 The General (unallocated) Reserve balance was increased in 2019 to £500,000 in order to maintain this reserve at approximately 12% of the net budget. This amount does still maintain a reserve of 12% of the 2026/27 budget which is deemed sufficient.

7 Risk Analysis

- 7.1 The first year of the MTFP, specifically the 2026/27 budget, is typically the most reliable and accurate financial plan within the three-year period. However, financial plans for future years are subject to change due to various internal and external factors. At the time of writing, NPG has not been confirmed for 2026/27 or beyond, introducing a level of uncertainty and the possibility that the 2026/27 budget may need to be reassessed. The Authority continues to actively manage its financial and non-financial risks and therefore makes allowances for them by promoting a culture of flexibility and agility to militate against threats, to be proactive and to embrace opportunities as they arise.
- 7.2 The budget and MTFP contain a number of assumptions that may or may not prove to be accurate. In addition, events may occur that have the potential to affect the Authority's underlying finances. We must therefore consider for ongoing risks and uncertainties such as:

Risk	Likelihood	Impact	Mitigating Factors
Government Policy	High	Unknown	Government policy changes could alter the outcomes for the Authority.
NPG – no increase	High	High	Level of reserves held. NPG has not yet been confirmed at time of drafting this report. Budgets may have to be revised.
Staff costs in excess of budget	Medium	High	Beyond 2026/27, annual inflation-related pay awards are assumed to continue at the rate of 3% and 3% for 2027/28 and 2% for 2028/29. This assumption is used for modelling purposes only. Higher rates of national pay award may be agreed (as local government pay continues to lag behind average employment pay inflation); this would also have a knock-on effect on employer pension

			contributions. Provision (short term) made in reserves. Some notice will be provided which will enable a timely response.
Economic situation could deteriorate. Inflationary changes affecting expenditure and income.	High	High	MTFP constructed on 3-year timescale with annual review. Budgetary control arrangements are in place to monitor income and expenditure. Reserves provision (short-term) made to manage immediate pressures.
Liabilities related to property estate	Medium	Medium	A contingency fund established in reserves. On-going maintenance programme and not all property costs need to be met immediately.
Failure to deliver Business Plan objectives	Low	High	Closely managed process, with regular in-year review. Where additional spending is required to achieve delivery, budget can be made available from the General Reserve or – if necessary - from redirecting resources from lower priority programmes.
External grant income reduced	High	Medium	We have an active programme of developing new project ideas, but external funding sources are extremely competitive; time and capacity to bid has to be carefully factored in

8 Equality & Sustainability Impact

- 8.1 Consideration is given when deciding which areas of expenditure should be supported of the impact on under-represented groups, and the need to promote equal opportunities both as an employer and in respect of the services provided. Our ability to deliver significant projects could be hampered due to lack of resources (funding).

9 Conclusions and Recommendations

- 9.1 Clause 25 of part 2 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report to Members, when calculating the net budget requirement, on the robustness of estimates made including the overall public sector financing climate. The financial context within which we have developed the 2026/27 budget and MTFP has an element of uncertain:

- We are still waiting for the Government to confirm NPG for 2026/27 and indicative figures for the following two years.
- There is a potential capital fund available to National Park Authorities. This may represent an opportunity but is not a substitute for revenue funding.

9.2 Members are recommended to:

- Approve the 2026/27 budget and note the indicative budgets for 2027/28 and 2028/29 as shown in Appendices 1 – 3.
- Approve the use of Earmarked Reserves balances as set out in Appendix 5, noting the need to take up to £528,290 from reserves to balance the revenue budget in 2026/27, if the authority is unable to convert elements of revenue expenditure to capital expenditure.
- Approve the Capital Investment Strategy as set out in section 4 of the report.
- Capital task and finish group is retained to advise on the use of potential capital grant in 2026/27 and beyond.

ANGELA STIRLAND and KEVIN BISHOP

Attachments: **Appendix 1 – Budget 2026/27**
 Appendix 2 – Budget 2027/28
 Appendix 3 – Budget 2028/29
 Appendix 4 – Reserves Risk Based Analysis
 Appendix 5 – General Fund Reserve Balances

