

BUDGET SETTING 2025/26

Summary: To (1) inform the Board of the process/timeline for setting the budget for 2025/26 and (2) outline the key priorities, ahead of the full budget presentation in February 2025.

Recommendation: That the Board notes the paper.

Report by: Magda Glanowska – Head of Finance (HoF)

1. BACKGROUND

- This paper seeks to outline the process and timeline as well as highlight and discuss high level assumptions and priorities that will be considered as the budget is prepared, before these are finalised and approved by the Finance and Governance Committee (F&G Committee) in November.
- This paper has been circulated to the F&G Committee for their comments.
- **We welcome the Board's comments, recommendations, or concerns.**
- Any additional recommendations that are widely supported at this meeting will be taken into consideration when preparing the budgets.

2. PROCESS

- The starting point for 2025/26 budget setting will be the 2024/25 Reforecast 2 based on Q2 actuals (six months actuals to Sep 2024 and remaining six months forecast).
- Budget holders will receive budget assumptions and high-level priorities as agreed by the F&G Committee, and full support and guidance from the Head of Finance (HoF) during the process to be able to prepare budgets for their own department.
- The draft budget will be collectively reviewed by the Chief Executive's management team before the final review by the CEO and then F&G Committee.
- The budget will follow a bottom-up approach, with each budget holder preparing their own budget with support from the HoF which will be reviewed by the HoF and CEO before being presented to the F&G Committee and, ultimately, the Board.
- Budgeting for 2025/26 will start following the approval of Reforecast 2 which will take place at the F&G Committee meeting on 15 November 2024.
- During the November F&G Committee meeting, the Committee will discuss and agree final budget assumptions, high-level priorities, opportunities, and risks. The budgeting timeline will also be agreed.
- The draft budget will be presented and discussed at the F&G meeting in early February 2025 (date to be agreed).
- Following the Committee's recommendations and any final changes, the budget will be presented for the Board's approval and final adoption on 25 February 2025.

3. TIMELINE

- 9 October 2024 – Budget assumptions discussed by the CEO and HoF.
- 22 October 2024 – Board meeting – budget assumptions discussed.
- **15 November 2024 – Finance and Governance Committee meeting:**
 - Reforecast 2 presented and agreed
 - **Budget assumptions agreed** (priorities, opportunities and risks)
- **Mid-November 2024 to mid-January 2025 – Budgeting** (budget holders working together with the HoF on the budget and narrative, review and finalisation).
- **Mid-January 2025 – the Chief Executive's management team – draft budget review**

- Late January 2025 – CEO final review of the budget.
- **Early-February 2025 – budget review by the F&G Committee.**
- Mid-February 2025 – final amendments to the budget following the review and preparation of the summarised version for the Board’s adoption.
- **25 February 2025 – Board meeting – the final budget presented for adoption.**

4. FUNDING

4.1. CORE

- **DEFRA:** Following DEFRA one-year determination, the core settlement for 2025/26 will remain the same as current year, i.e. £529,744. This will be followed by a 3-year determination as an outcome from the Comprehensive Spending Review in 2025. It should be noted there will be no Revenue / Capital uplift which was a one-off uplift this year (FY24/25 - £381,916). Due to this and some major programmes ending, the core budget will be under much pressure.
- **Local authorities:** The Management Accountant has been in contact with the 15 local authorities regarding possibility of the funding to be increased in line with inflation (CPIH). Overall, the responses have been positive with two local authorities offering increases above the CPIH. However, this will only be confirmed when the 15 local authorities have set their budgets. Funding received in 2024/25 was £145,071.
- **Natural England – National Trail:** It is assumed that funding from Natural England for the Cotswold Way will remain the same as the current year at £64,428.

4.2. NON-CORE (significant programmes/projects)

- **Farming in Protected Landscapes (FIPL):** the programme will conclude as a grant programme on 31 March 2025. DEFRA informed us that funding has been secured to extend Administration for 6 months, to 30 September 2025, and Advice and Guidance for two years to 31 March 2027. DEFRA FiPL allocation for 2025/26 is £152,284 (FY24/25 - £2.01m).
- **Removing Barriers (DEFRA programme):** There is no indication that DEFRA will be funding Removing Barriers in 2025/26 (FY24/25 - £254k).
- **National Highways (NH):** NH Biodiversity programme has prematurely ended in 2024 with no Year 2 or Year 3 happening. No future funding expected. Dark Skies (another NH programme) is finishing on 31 March 2025 (FY24/25 £108k).
- **Thames Water:** Everyone’s Evenlode project (part of the Smarter Water Catchments programme) is coming to an end in July 2025, however the Partnership Lead is liaising with Thames Water regarding continuation of funding, but nothing has been confirmed at this stage (FY24/25 £167,736).
- **Ernest Cook Trust (ECT) –** ECT are funding 50% of the role of Outdoor Learning Officer, the three-year role to co-create outdoor learning experiences for children and young people (funding £20k). The programme will be in its Year 2 in FY25/26.
- **British Mountaineering Council –** funding to support the role of Grants and Access Officer is coming to an end in April 2025 (FY24/25 £41,000).
- **National Lottery Heritage Fund –** there are two significant potential bids. CNL will be leading a bid and partnering with National Trust and Gloucestershire Wildlife Trust, we are aiming for a well-formed expression of interest by Christmas, leading into a development phase followed by a delivery phase of up to eight years. Given the likely complexities of the project; partnership agreements, match funding, income generation, etc. – a development phase is essential. The second bid will be for Caring for the Cotswolds, and we have submitted a draft bid for £250k project that will increase our

grant making to £50k per year for three years and provide a dedicated resource to the scheme if successful.

5. TEAM RESOURCES

- A **Climate Action** Lead and Climate Action Graduate roles were recruited in 2024. In 2024/25, both roles were funded by DEFRA Uplift Revenue funding which was a one-off uplift funding. In 2025/26, both roles will be fully funded from the core budget. Climate Action Lead role is a fixed-term part-time contract role until October 2025, whilst the Graduate role is full-time permanent.
- **FiPL** – DEFRA informed us that funding has been secured to extend Administration for 6 months, to 30 September 2025, and Advice and Guidance for two years to 31 March 2027. DEFRA FiPL allocation for 2025/26 is £152,284. We are currently reviewing how best we resource the extended FiPL requirements.
- An assumption of a **3% pay increase** for all employees will be built into the budget. We will give consideration to inflation on other purchases, e.g. tools, equipment and printing.

6. OTHER COSTS

- **Property** – we are currently negotiating a longer-term arrangement with Gloucestershire Wildlife Trust at Greystones Farm, which may result in rent increasing by approx. £5k in FY25/26. This will be more than offset by vacating Office 11 at Cotswolds Business Centre, Upper Rissington, when the lease ends on 31 March 2025, saving approx. £10k annually. We have also reduced barn storage to one single barn at Northfield Barn at Sherborne (FY25/26 £7,200) and vacating both Unit 3A, Upper Cold Farm and Unit H, Hampnett Farm when the current licence ends on 31 December 2024 (FY24/25 £7,200) at the same annual cost.
- **Other costs/ considerations** – due to fact that we will be retendering for a new internal auditor, there will be additional costs involved of approx. £6k (this has been unspent in FY24/25 and will therefore be moved to FY25/26).
- **Voluntary Wardens** - the core funding support for the Voluntary Wardens will be reviewed and set accordingly due to expected core budgetary pressures.

7. TARGETS

- The Board will need to be realistic in terms of budget expectations for 2025/26 Budget.
- With only 1 year DEFRA determination followed by 3 years, the Board ideally needs to avoid significant headcount reductions. In order to do this, there may be a requirement to use some of the Development Fund (Designated Reserves), currently standing at £116k. This is a temporary solution and longer term planning is needed.
- We will strive to maintain a General Fund of between £60k and £80k in accordance with our Reserves Policy.

OCTOBER 2024