BUDGET SETTING 2027/28

Summary: To (1) inform the Board of the process/timeline for setting the budget for 2027/28 and (2) outline the key priorities, ahead of the full budget presentation in February 2027.

Recommendation: That the Board notes the Paper.

Report by: Magda Glanowska – Director of Finance and Corporate Services

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 & Governance Committee ("F&G" or "Committee") in November.
- This paper has been circulated to the F&G 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 2027/28 budget setting will be the 2026/27 Reforecast 2 based on Q2 actuals (six months actuals to Sep 2026 and remaining six months forecast).
- Budgeting will follow principles and assumptions per the new Medium Term Financial Strategy (being finalised).
- Budget holders will receive budget assumptions and high-level priorities as agreed by the F&G Committee, and full support and guidance from the Finance team during the process to be able to prepare budgets for their own department.
- The draft budget will be collectively reviewed by the Director of Finance and Corporate Services (DoF) 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 Finance team which will be reviewed by the DoF and CEO before being presented to the F&G Committee and, ultimately, the Board. Once the Medium-Term Financial Strategy is finalised, we will consider whether the bottom-up approach is still appropriate from FY28/29 budget setting cycle.
- Budgeting for 2027/28 will start following the approval of Reforecast 2 which will take place at the F&G Committee meeting on 24 November 2026.
- 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 2027 (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 23 February 2027.

3. TIMELINE

- 14 October 2026 – Budget assumptions discussed by the CEO and DoF.
- 3 November 2026 – Board meeting – budget assumptions discussed.
- **24 November 2026 – Finance and Governance Committee meeting**:
  - Reforecast 2 presented and agreed
  - Medium Term Financial Strategy presented
  - **Budget assumptions agreed** (priorities, opportunities and risks)

- **Late-November 2026 to mid-January 2027 – Budgeting** (budget holders working together with the Finance on the budget and narrative, review and finalisation).
- **Mid-January 2027 – Director of Finance – draft budget review.**
- Late January 2027 – CEO final review of the budget.
- **Early-February 2027 – budget review by the F&G Committee.**
- Mid-February 2027 – final amendments to the budget following the review and preparation of the summarised version for the Board's adoption.
- **23 February 2027 – Board meeting – the final budget presented for adoption.**

4. FUNDING

4.1. CORE

- **DEFRA:** We have received indicative grant funding from DEFRA for FY27/28 and FY28/29 to be **£1,518,880pa** made up of:
  - **Revenue £529,743**
  - **Capital £989,136 (including £417,391 Access).**

- **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). So far, the responses have been positive, and we are awaiting responses from remaining local authorities. However, this will only be confirmed when the 15 local authorities have set their budgets. Funding received in 2026/27 was £166,016.

- **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** (excluding additional one-off £12k).

- **Interest** – we are continuing to earn interest on our savings accounts with Unity Trust. We will continue to utilise this in accordance with our Treasury Management Strategy. In FY26/27 forecasted interest is £57k. We will budget around **£50k interest** in FY27/28.

4.2. NON-CORE (significant programmes/projects)

- **Farming in Protected Landscapes (FiPL):** the programme has been extended for further 3 years and is due to conclude in March 2029. We have received indicative funding for FY2027/28 and FY2028/29 to be **£1,375,887pa** made up of:
  - **Administration £66,210**
  - **Advice and Guidance £119,179**
  - **RDEL Project Delivery £273,882**
  - **CDEL Project Delivery £916,616.**

- **Access (DEFRA programme):** the programme has been extended for further 3 years and is due to conclude in March 2029. We have received indicative funding for FY2027/28 and FY2028/29 to be £417,391pa Capital only. Please note this is already included in DEFRA Core Capital amount above.

- **Wildlife Reach Habitat (DEFRA programme):** This is a new DEFRA programme in FY26/27 consisting of Capital funding for delivering specific funded activities that will contribute directly towards the Environmental Improvement Plan statutory targets for wildlife-rich habitat (WRH) creation and restoration. Early indication suggest that DEFRA will be extending this programme however this has not been confirmed. This is Capital

funding only, and we received **£649,565** in FY26/27. We will estimate to receive the same funding in FY27/28 subject to DEFRA confirmation.

- **Caring for The Cotswolds (National Lottery Heritage Fund – "NLHF")** – this was a new project in FY25/26 where NLHF is supporting Caring for the Cotswolds for a three-year period until July 2028. We received first instalment of 50% of the grant upfront (£125,000) and we may receive the 30% (£75,000) at the very end of FY 2026-27. The remaining 20%, i.e. **£50,000** is expected to be received in FY27/28. The project includes £130,000 towards small community grants, as well as resource for a dedicated Grants Coordinator and youth opportunities. Whilst the NLHF grant does not include full cost recovery, these costs are being covered by the Caring for the Cotswolds reserve.

- **Common Connections (NLHF)** – this was a new project in FY26/27 funded by NLHF with a total grant of £206,000. We received 50% of the grant in advance in FY25/26 and expect to receive further 30% in FY26/27. The remaining 20% of the grant, i.e. **£41,000** is expected in FY27/28. The Project includes full cost recovery for the Project Manager employed by National Trust who is responsible for planning, costing, and developing the delivery phase application. This will include critical feasibility work that will inform the larger delivery bid. The development phase began in January 2026 and will take 18 months.

- **General Point Regarding the National Lottery Heritage Fund:**
  - NLHF pay their grants in tranches of 50%, 30% and 20%. The first 50% of the grant is paid upfront. Grant recipients must then provide a satisfactory report and evidence of defrayal to release the next 30% of grant payment. The final 20% is paid in arrears, also on receipt of a report to evidence project completion and defrayal.
  - CNL is unable to claim full cost recovery from NLHF. It is considered an ineligible cost for organisations that are in receipt of public money, regardless of proportionality. This is where CNL would ordinarily seek overheads/ a management fee or similar to contribute towards organisational costs such as rent, utilities, insurance etc. CNL typically sets overheads at 20% of the combined employee costs of salary, NI and Pension.

- **Outdoor Learning Officer (OLO)** – the OLO is being supported from a range of sources. The biggest funder is the Ernest Cook Trust who are providing £20,000 a year for three years to support the role from September 2024 – August 2027. The OLO works with partners to co-create outdoor learning experiences for children and young people.

- **Green Futures** – we are currently fundraising for this initiative to increase paid placements piloted under Caring for the Cotswolds. As of October 2026, we have secured £45,000 towards this as 3x **£15,000pa** starting in FY27/28.

- **Glorious Cotswolds Grasslands ("GCG")** – this is CNL's own operations and self-generated income. GCG income streams come from number of different projects involving botanical surveys, harvesting, maintenance contracts, habitat management and seed sales. Income generated in FY26/27 is forecasted at £237,000. The income then pays for 3 members of the team and other overheads, and any profit over and above the agreed GCG reserve is then transferred to the General Fund to support the

core organisation. In addition, GCG pay 15% of the sales as a contribution to the core. We will work closely with the GCG team to establish best estimates for sales in FY27/28.

5. TEAM RESOURCES

- **Outdoor Learning Officer** contract has been extended until September 2028 to continue CNL's vital work with young people across the Cotswolds.
- **Water Restoration Officer** - contract has been extended until September 2028 to continue CNL's vital work engaging communities with river health across the Cotswolds.
- The **Climate Action Lead** (Fred Constantine-Smith) is on a fixed term contract which has been already extended twice until 31 March 2027, and it will not be extended beyond this date.
- **Business Support Officer** (Maria Carter) was recruited in August 2025. This is a part-time fixed-term contract extended once until 31 March 2027. We have made a decision to extend further until 31 March 2029 to continue to provide support ensuring legal and corporate compliance.
- **Head of Strategy Planning** – in FY26/27 we are hoping to recruit a permanent, full-time contract role to oversee critical planning work and develop next Management Plan 2030-2035 (to sit within the core team).
- **Access and Volunteers Officer** – this role has been prioritised for recruitment for a number of years, and due to Natural England National Trail Fund Revenue uplift in FY26/27 we are now in position to recruit for this role. It will be a fixed-term contract until 31 December 2027, part-time role sitting within Trails & Access / Cotswold Way budgets.
- **Wildlife Reach Habitat Project Officer** – there is a potential to explore a new role in FY26/27 due to a success of WRH and an additional WRHF Revenue Uplift to support delivery of the programme. This would be a fixed-term full-time appointment until 31 December 2027.
- An assumption of a **3.5% 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** – in June 2025 entered a 10-year lease for our new head office at the Threshing Barn at Marsden Manor negotiating 2 months rent-free period. It is worth noting we have managed to capitalise the whole cost of the 10-year lease by using DEFRA Capex Uplift funds, and therefore significantly reducing pressure on core costs. DEFRA releases 1-year lease cost to us in advance annualy.

- We have also reduced barn storage to one single barn at **Pindrup Farm** in FY24/25. We are now looking to capitalise this 5-year lease c. £5,400pa.

- We are in process of reviewing storage facilities used by Wardens and in the first instance we are looking to capitalise a 5-year lease recently secured for Toddington depot with GWSR c. £1,500pa.

- **Other costs/ considerations** – in FY26/27 we have been tendering for a Data Protection services to support our journey to GDPR compliance, there will be additional costs involved of approx. £10-£20kpa.

- **Voluntary Wardens** - the core funding support for the Voluntary Wardens will be reviewed and set accordingly due to expected core budgetary pressures.

7. TARGETS

- We will strive to maintain a General Fund of between £70k and £80k in accordance with our Reserves Policy.
- We will consider using some of the Development Fund to fund Data Protection Officer and extending some of the fixed-term contracts. The Development Fund currently stands at £258k.

OCTOBER 2026