

Briefing Note Template

Elected Member Briefing – *Nature Restoration Fund (NRF) and spend 2025/26*

Elected Member Briefing Note Ref. No. 2026-29

About this Briefing Note

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Date: 12/06/2026

Subject: **Nature Restoration Fund (NRF) and 2025/26 spend**

Public

Purpose

This briefing note provides a summary of the Nature Restoration Fund (NRF) and the spend position for the 2025/26 financial year, including capital and revenue arrangements, eligible uses of the fund, progress to date, and reporting requirements.

Background

The Nature Restoration Fund is a Scottish Government funding programme aimed at supporting projects that restore and enhance biodiversity and address the drivers of nature loss. To date, the SIC has received £375k in capital funding and £46k in revenue funding. A detailed summary of allocations and NRF expenditure is provided at the end of this briefing note.

In 2025/26, Shetland Islands Council received both capital (£119k) and revenue (£46k) NRF funding through the local authority allocation. 2025/6 Was the first year that NRF revenue funding was received by Local Authorities. The capital element provided via non-ring-fenced General Capital Grant is initially held centrally and is not immediately allocated to a specific service. Release of this funding is subject to an approved business justification case. The revenue element, provided through non-ring-fenced General Revenue Grant, was approved for allocation to the Planning Service for the purpose of progressing nature restoration activity and potential delivery mechanisms, including community-led approaches.

Key Points

- The Nature Restoration Fund (NRF) capital allocation is held centrally and was not allocated to a specific service in 2025/26.
- No proposals to utilise the NRF capital expenditure were proposed in 2025/2026
- The NRF revenue allocation of £46k for 2025/26 was held within the Planning service.
- Lack of operational grant mechanisms hindered expenditure of the Revenue allocation

- Two small pilot projects proposed by the Climate Change team were agreed to be supported from the 2025/26 NRF revenue budget:
 - Wildflower species project - £4,210
 - Schools Biodiversity Project - £9,143 (£1,000 to be delivered in 26/27)
- Work is ongoing to develop a small grant funding scheme, intended to support community and partner-led nature restoration projects and to ensure readiness for any NRF revenue allocation in 2026/27, should funding be confirmed.

Overview

Capital Funding

NRF capital funding is held centrally and is available for use by any Council service for projects that meet the Scottish Government's Nature Restoration Fund eligibility criteria. To date, no capital projects were progressed to delivery, largely due to project development timescales and staff capacity constraints to create the needed approved Business Justification Cases.

Capital funding for 2025/6 was for eligible Council-led projects that can demonstrate alignment with Nature Restoration Fund objectives and meet approval requirements.

Eligible uses of NRF capital funding, as set out in Scottish Government guidance, include projects that deliver one or more of the following:

- **Habitat and species restoration**, including management for enhancement and ecological connectivity
- **Freshwater restoration**, including restoration of natural flows and catchment processes
- **Coastal and marine initiatives** that promote restoration, recovery, enhancement or resilience
- **Control of invasive non-native species** that negatively impact biodiversity
- **Urban nature restoration**, enhancing and connecting nature within and between settlements

Projects are required to deliver clear biodiversity benefits, align with national biodiversity priorities, and contribute to long-term positive outcomes for nature.

Revenue Funding

The 2025/26 NRF revenue budget of £46k was allocated to the Planning service. It was agreed that future NRF revenue funding would be best utilised through the establishment of a small grant funding scheme, enabling local community groups, development trusts, Local Place Plan groups, and delivery partners to undertake nature restoration projects at a local level. This work is ongoing, with the intention that the scheme will be ready to operate should NRF revenue funding be confirmed for 2026/27. Whilst there is no requirement on the Council to do so, unspent funds for prior years can also be made available.

As an interim measure, two small pilot projects proposed by the Climate Change team were identified as meeting NRF eligibility criteria and supported from the Planning Service revenue allocation.

Reporting and Annual Return

Scottish Government requires local authorities to submit an annual Nature Restoration Fund return, setting out expenditure and activity for each financial year. This return is prepared and submitted by Finance.

The 2025/26 NRF annual return is expected to be submitted shortly, reflecting the confirmed position on capital and revenue spend for the year.

Scottish Government Allocations and spend to 2025/26

FY	Scottish Government (SG) non-ringfenced allocations		Service Revenue allocations		Comments
	GCG	GRG	Budget	Actual	
21/22	16,000	0	0	0	No BJC approved therefore GCG applied to other approved AIP projects
22/23	79,000	0	10,000	8,100	No BJC approved therefore GCG applied to other approved AIP projects. A revenue budget was established from reserves to enable the commissioning of Shetland Amenity Trust to develop project briefs for natural heritage projects eligible for funding from the element of the NRF allocated directly to Local Authorities.
23/24	161,000	0	0	0	No BJC approved therefore GCG applied to other approved AIP projects
24/25	0	0	0	0	An initial £79k GCG allocation was re-allocated by SG to cover the pay award.
25/26	119,000	46,000	46,000	12,353	No BJC approved therefore GCG applied to other approved AIP projects. The GRG allocation established within Planning Service. Two projects - Wildflower species and Schools Biodiversity, were progressed and spend incurred.
Totals	375,000	46,000	56,000	20,453	

GCG - General Capital Grant

GRG - General Revenue Grant

AIP - Asset Investment Plan

Last modified on: 11/06/2026

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