REPORT OF THE CABINET

The Cabinet met on 19 July and 29 September 2022. Attendances:-

Councillor Glazier (Chair) (2)
Councillors Bennett (2), Bowdler (2), Maynard (2), Simmons (1) and Standley (2)

1. Council Monitoring - Quarter 1 2022/23

1.1 The Cabinet has considered a report on performance against the Council Plan, Revenue Budget, Capital Programme, Savings Plan and risks for quarter 1 2022/23. Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 7.

Carry over report for Council Plan 2021/22

1.2 Outturns are now available for the seven Council Plan measures for 2021/22 which were carried over from quarter 4. Measures are carried over when action has been completed but outturn data is not available for reporting at year-end. Outturns for these measures are provided in Appendix 2 Adult Social Care and Health and Appendix 5 Communities, Economy and Transport. Despite a difficult year with the ongoing challenges of COVID-19 and economic pressures we have performed well overall with 80% (43 of the 54 Council Plan measures) of targets met or exceeded. This means we have achieved our aim to meet at least 80% of our targets for the year; this aim reflects the fact that we set ourselves challenging targets as part of our commitment to continuous improvement.

Council Plan 2022/23 amendments and variations

1.3 The Council Plan 2022/23 and the Portfolio Plans 2022/23 – 2024/25 have been updated with available 2021/22 outturns and final performance measure targets. All plans are published on the Council's website. The Corporate Summary (Appendix 1) contains a forecast of performance against targets.

1.4 The Strategic Risk Register, Appendix 7, was reviewed and updated to reflect the Council's risk profile. Risk 4 (Health), Risk 6 (Local Economic Growth), Risk 8 (Capital Programme), Risk 9 (Workforce), Risk 14 (Post European Union (EU) Transition), Risk 15 (Climate), Risk 17 (Safeguarding of Children and Young People) and Risk 18 (Data Breach) have updated risk controls. Risk 5 (Reconciling Policy, Performance & Resources) has updated risk definitions and risk controls. Risk 7 (Schools) has been removed from the Strategic Risk Register, and a new risk (Schools and ISEND) has been added.

Budget Outturn

1.5 The details of revenue over and underspends in each department are set out in the relevant appendices, and show a total forecast overspend of £5.1m. The main headlines are:

- Children's Services (CSD) is forecast to be overspent by £5.2m. Early Help and Social Care is overspending by £3.4m, comprising the following factors: within Looked After Children (LAC), the Care Leavers budget forecast overspend includes £1.2m as a result of the decision in 2021 to provide improved placement settings for young people, and £0.9m reduced income at Lansdowne Secure Children's home due to a reduction in the number of children that can be looked after; the impact of staff shortages; recruitment difficulties; and unusually challenging behaviour from some children. The £1.0m overspend in Locality is due to continued pressure on social work staffing budgets, £0.4m in Section 17 Inclusion Special Educational Needs and Disabilities due to a high-cost placement and £0.3m from the ongoing need to find countywide placements for families deemed intentionally homeless by the district and borough councils. This forecast is net of some offsets and mitigations, for example £0.4m underspend on Unaccompanied Asylum Seekers due to a higher proportion of children being placed under the National Transfer Scheme where the funding rates are higher.

Home to School Transport is projecting an overspend of £3.2m (net of COVID-19 funding of £0.8m for ongoing related pressures), reflecting pressures being experienced nationally, where costs for transporting Special Educational Needs and Disabilities (SEND) pupils have increased by over 33% in the last four years. The increase for 2022/23 reflects a number of factors: proportionately more solo occupancy than was expected for SEND clients, as well as small increases in the number of SEND pupils requiring transport; and price pressures arising from current market conditions (operators' staff wages, fuel cost increases and the increasing costs of other overheads). Work is ongoing to identify solutions to contain further forecast cost increases (as well as on modelling and forecasting) – these include transport route reviews/re-tendering and a case-by-case review of solo routes.

The total overspend has been mitigated in part by a forecast underspend of £1.6m as a result of efficiencies and staff vacancies across a number of areas in the department which are recorded in Central Resources, many of which are a one-off for 2022/23.

The department is pursuing a range of strategies to reduce the pressures, including a whole service review of the finances as part of the Reconciling Policy, Performance and Resources process, as well as individual actions such as the review of individual placements/support for LAC (where, for example, the top five most expensive placements each cost an average of £15,000 a week (annual equivalent total cost for the five of £3.9m)) and programmes such as Connected Families.

- The projected outturn for Adult Social Care (ASC) is an overspend of £0.5m. This comprises an overspend of £1.5m in the Independent Sector, offset by an underspend of £1.0m in Directly Provided Services, the latter is mainly due to staffing vacancies.
- Communities, Economy & Transport (CET) is forecast to underspend by £0.7m, this figure would have been higher, but it has been offset by the £1.0m Parking savings target that will not be met this year. The Parking savings have been significantly impacted by changes to driving and parking habits following COVID-19. High street activity has not returned to pre-covid levels and as a consequence we have yet to see the level of revenue that the increased parking charges was expected to yield. The largest area of underspend is in Transport and Operational Services, mostly made up of Waste Service underspends due to increased income from recycling, electricity sales, and third parties; £1.0m of this windfall Waste income has been transferred to the Waste Reserve to cover future budget pressures. There is a net overspend of £0.3m on the Highways budget due to inflation-based compensation events and additional tree work due to Ash Die Back.

1.6 Within Treasury Management (TM), centrally held budgets and corporate funding there is an underspend of £8.0m (including the general contingency):

- The General Contingency of £4.3m will be required in full to offset part of the service overspend.
- There is currently an estimated £4.6m underspend on TM, based on an improvement on the current forecasts for our market investment returns and increased cash balances. The slippage on the capital programme, and an increase in our cash balances, also removed the need to borrow externally in 2022/23. £1.7m will be used to cover the remaining overspend on service budgets and corporate funding budgets, and the remaining £2.9m will, in line with normal practice, be available to offset capital borrowing.
- Corporate Funding budgets are overspending by £0.9m, as a result of a £0.6m error by Rother District Council in their precept returns to the Council at budget setting, and a £0.3m reduction in the income from Business Rate Pooling arrangements, which had been based on the latest forecasts provided by the districts and boroughs.

1.7 The Council is still experiencing residual COVID-19 related costs and income losses which are being fully mitigated from general and specific funding. The table below shows the current forecast for use of this funding in 2022/23:

COVID-19 Grants 2022/23 (£m)	**Carried forward**	**Estimated use in-year (including payback*)**	**Specific set-aside for LAC in future yrs**	**Estimated balance remaining**
COVID-19 General Funding	14.075	(4.235)	(3.074)	6.766
COVID-19 Specific Funding	8.990	(8.990)	-	-
Total funding	**23.065**	**(13.225)**	**(3.074)**	**6.766**

* to date the Council has repaid £1.9m of unused grant

1.8 Capital Programme expenditure for the year is projected to be £91.3m against a budget of £93.9m, a net variation of £2.6m. Of the net variation position, £1.9m relates to Local Enterprise Partnership (LEP) funded projects being delivered by or in partnership with others, where the timing of expenditure and delivery is largely outside of the Council's control. Main variations include:

- Schools Basic Need Programme – slippage of £2.1m mainly due to new primary school provision at Uckfield subject to the timing of a large housing development and securing associated land from the developer. There is no immediate pressure on school places in the area and the Council is currently able to meet demand for places within the existing school capacity.
- Eastbourne/South Wealden Walking and Cycling Package (LEP funded project) – slippage of £1.4m where ongoing complexities with design, contractor resource shortages and obtaining materials in light of global shortages have deferred construction of some aspects of the project. The package will focus on Willingdon Drove and Eastbourne Town Centre schemes which are both deliverable within the current financial year.
- Hastings Bexhill Movement and Access Programme (LEP funded project) – slippage of £0.5m largely relates to an element of the scheme which has now obtained approval from the LEP to defer spend until Summer 2025, in line with the Hastings Borough Council Towns Deal.
- Bexhill and Hastings Link Road – There has been slippage of budget into 2022/23 of £0.3m. Project costs remain for Part 1 compensation claims and other ongoing costs such as post excavation archaeology, ecological monitoring and landscaping. There is a projected overall overspend on the scheme in the region of £2.3m, of which £1.4m is forecast to materialise during 2022/23. The in-year position will be reviewed as Part 1 claims are settled and paid throughout the year.

1.9 The current capital programme includes £0.242m for creating greater in-house capacity for disability children's accommodation at Sorrel Drive. Originally approved in 2020/21, design work has identified that an increased scope would deliver additional benefits including future cost avoidance compared to alternative provision. The revised cost of the project is £0.810m, an additional £0.568m. The Cabinet agreed that this is funded from £0.261m identified within the Children's Services 2022/23 revenue budgets, and £0.307m from increased capital programme borrowing. This addition to the capital programme is in accordance with the Capital Strategy via business case, demonstrating value for money when considering the cost of alternative provision and its potential ongoing impact on revenue budgets.

Progress against Council Priorities

Driving sustainable economic growth

1.10 The Council has spent £284m with 910 local suppliers over the 12 months to June 2022, which equates to 67% of our total spend, above our target for this year of 60%. The Procurement team continues to promote our contract opportunities to local suppliers, as well as building local supply chain opportunities into our tenders where possible (Appendix 3).

1.11 Locate East Sussex helped five businesses to remain within, or relocate to, East Sussex in quarter 1. Businesses were helped by business support programmes to create or safeguard 15.5 full-time equivalent jobs. It is anticipated that additional work later in the year will mean that we may still achieve our target of creating or safeguarding 140 full-time equivalent jobs (Appendix 5).

1.12 Highways works using the one-off investment agreed by Cabinet in November 2021 began in quarter 1. Over £0.5m of additional carriageway patching was completed across 154 sites and three footway schemes were completed. No road marking works were completed in quarter 1 however, the first scheme of works is scheduled to start in quarter 2. £0.5m of signage works are scheduled to be completed in 2022/23 with 866 signs projected to be replaced (Appendix 5).

1.13 The outturns for road condition for 2021/22 have now been published; these are reported a quarter in arrears. The percentage of Principal roads requiring maintenance increased slightly to 5%, when compared to the 2020/21 outturn of 4%; and the percentage of Non-Principal roads requiring maintenance also increased slightly to 6% (compared to a 4% outturn for 2020/21). However, these results are lower than the targets set for 2021/22 of 8% and 9% respectively. The percentage of Unclassified roads requiring maintenance was 13%, an improvement from 14% in 2020/21, and lower than the 2021/22 target of 15%. In February 2022, Cabinet and Full Council approved additional investment over a ten-year period to target road condition at the level of 4%, 4% and 14% respectively and these are the targets for 2022/23. This additional funding started to be used in quarter 1 as part of the annual capital programme. (Appendix 5).

1.14 91.4% of young people at academic age 16 (Year 12) met the duty to participate in education, training or employment with training in June 2022, against a target of 93%. 84.1% of young people at academic age 17 (Year 13) met the duty, against a target of 85%. There has been a significant increase in the number of young people opting to enter employment without training and in other situations that do not meet the Department for Education's criteria for participation, such as opting into part time education and temporary employment (Appendix 4).

1.15 30 members of staff started an apprenticeship with the Council in quarter 1, a number of these were in bespoke professional areas such as management, finance and data analytics. The number of apprentices in Adult Social Care and Health (ASCH) continues to increase, and the Apprenticeship Team are working closely with the new recruitment team in ASCH who are tasked with promoting careers in care to young people. Work with the team has included joint attendance at careers fairs, development of joint communications and supporting placements within care roles (Appendix 3).

1.16 Seven contracts were awarded in quarter 1, of which one was in scope of the Social Value Measurement Charter, which quantifies the economic, social and environmental benefits of Council procurement. The contract had a total value of £234,000 and secured £18,700 in Social Value commitments, which equates to an outturn of 8%. The Social Value commitments secured in quarter 1 included apprenticeships, work experience for local people, employability support being offered to local priority groups and career awareness programmes offered to local schools and colleges. A refreshed East Sussex Social Value Marketplace was launched in quarter 1. The Marketplace enables the sharing of resources, so we can work collectively to improve the social, economic and environmental wellbeing of our residents and local communities. Contact is being made with our suppliers and charity partners to register and get engaged with the improved site (Appendix 3).

Keeping vulnerable people safe

1.17 The Holiday Activity and Food (HAF) programme provided for more than 1,800 eligible young people in the county during the Easter holidays. 300 young people with additional needs accessed the provision, either through the five Special Educational Needs and Disability (SEND) specific providers, or by accessing mainstream HAF providers with additional support. 50 providers were supported across 76 sites, with 90% of all funded places attended. May half term activities, supported by Contain Outbreak Management Funding, focused on supporting young people with SEND and those with low attendance. 1,440 young people were involved in the scheme, which delivered more than 4,500 sessions. 46 providers were supported, of which 23 were SEND specific (Appendix 4).

1.18 Trading Standards made 65 positive interventions to protect vulnerable people in quarter 1, including installing call blockers and dummy cameras. As part of Scams Awareness Fortnight, Trading Standards spoke to 145 people at local libraries to raise awareness of the types of scams which target vulnerable people (Appendix 5).

1.19 The rate of children on a Child Protection plan at the end of quarter 1 is 53.9 per 10,000 children aged 0-17, above our target of 50.3. There has been a steady increase since the start of 2022/23, in line with the increase in activity across the system. The rate of LAC at the end of quarter 1 is 59.9 per 10,000 children, just above the target of 59.8, this is due in part to ongoing significant delays in the court system (Appendix 4).

1.20 The latest available figures, as of 13 July, show that 1,095 guests have arrived in East Sussex under the Homes for Ukraine (HfU) scheme. The guests are at 473 different properties across the county and more than 317 school places have been allocated to Ukrainian children (Appendix 2).

1.21 During quarter 1 the Third Sector support team has worked with the Voluntary Actions (VA) (3VA, HVA and RVA) and Voluntary, Community and Social Enterprise (VCSE) organisations in East Sussex to develop support for HfU guests and hosts across the county. The VAs and VCSE sector have played a key role in helping the hyper-local networks, community hubs and our district and borough partners to identify and respond to the needs of HfU guests and hosts (Appendix 2).

Helping people help themselves

1.22 Three infrastructure schemes to improve road safety in the county were completed in quarter 1, one was in Forest Row and the other two were in Eastbourne. 106 ‘Bikeability’ courses were delivered to 964 individuals at participating schools and the Cycle Centre at Eastbourne Sports Park in quarter 1. We also delivered 55 ‘Wheels for All’ sessions to 1,122 attendees at the Sports Park (Appendix 5).

1.23 Children’s Services held their first face to face Children and Young People’s Trust Annual Event since COVID-19 on 3 May 2022. 168 delegates attended, including 42 young people, representing a variety of sectors and youth voice groups. The event focused on the refresh of our Children and Young People’s Plan and provided the opportunity to discuss each of the Plan’s five priority areas; Best Start in Life; Safeguarding; Education; Physical Health; and Mental Health and Emotional Wellbeing (Appendix 4).

1.24 Quarter 1 saw the launch of ‘The Stopping Place’, the Council’s new one-stop shop website for Gypsy, Roma and Travellers. Co-developed with the Gypsy, Roma, Traveller Community, and national charities, the website has a focus on supporting children and young people and has proved to be a valuable resource for young people, parents/carers and professionals alike. The website was featured during events in June to mark Gypsy, Roma and Traveller history month (Appendix 4).

1.25 Work to support health and social care integration continued in quarter 1. The NHS Integrated Care Board, titled NHS Sussex, was formally established on 1 July and held its inaugural meeting on 6 July. NHS Sussex is responsible for agreeing the strategic priorities and resource allocation for all NHS organisations in Sussex, taking on the commissioning functions previously carried out by the Clinical Commissioning Groups. Work also continued in quarter 1 on the arrangements for a wider Sussex Health and Care Assembly, which will be established as a statutory joint committee between the NHS and local government (Appendix 2).

Making best use of resources now and for the future

1.26 Lobbying continued in quarter 1, including the Leader meeting with local MPs to discuss the latest priorities for the Council and residents. We also undertook lobbying through the County Councils Network into the first meeting of the national Local Net Zero Forum convened by the Department for Business, Energy and Industrial Strategy to enhance engagement between central and local government on net zero delivery (Appendix 6).

1.27 There was a 7.4% reduction in carbon emissions at the end of 2021/22 compared to the previous year (reported a quarter in arrears); the target for 2021/22 was a 13% reduction. Several energy efficiency projects commenced in quarter 1, including our programme to install LED lighting to 11 properties during 2022/23. We have also commissioned five Solar Photovoltaics projects (Appendix 3).

1.28 The Council has continued to work with a range of partners to develop and deliver carbon reduction and climate change adaptation work in quarter 1. This has included bidding for funding alongside Lewes and Eastbourne councils, West Sussex County Council and the National Park; working with the Sussex Air Partnership to secure funding to retrofit 40 Brighton & Hove Buses to be less polluting; and enabling households across the county to benefit from lower cost solar panels through the Solar Together partnership (Appendix 5).

1.29 The State of the County report, which was considered by Council in July, set out the significant uncertainty which continues to dominate the context within which we are working, including the challenges presented by the national economic environment and the increases in the cost of living, and the significant national reforms to several services, the impacts of which are not yet clear. The financial outlook for the Council remains unclear with Government funding that the Council will receive between 2023/24 – 2025/26 yet to be confirmed and uncertainty about plans for national reform of the local government funding regime. The Council Plan and Portfolio Plans 2022/23 have been refreshed with completed outturns, and there have been some changes to the performance measures and targets based on the outturns now available. The updated plans are available on our website (Appendix 6).

2. Annual Progress Report on the County Council’s Climate Emergency Plan

2.1 In October 2019 the County Council declared a climate emergency. It set a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050 and committed to reporting annually to full Council on its progress towards meeting this target. Appendices 10 and 11 set out the progress report.

2.2 In October 2019 the County Council agreed the following Motion, that the County Council:

(i) supports the aims and implementation of the UN Sustainable Development Goals.

(ii) recognises and declares a Climate Emergency.

(iii) will set a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050, in line with the new target for the UK agreed by Parliament in 2019.

(iv) will build upon the work we have undertaken to date, will commit resources where possible and will align our policies to address the Climate Emergency.

(v) will set out a clear plan of action to reduce our carbon emissions.

(vi) will report annually at the May County Council Meeting on its progress towards the target.

(vii) will investigate all possible sources of external funding and match funding to support this commitment, as well as writing to central government with respect to the emergency to request funding to implement swift appropriate actions.

(viii) will use our Environment Strategy to provide a strong unified voice in lobbying for support to address this emergency, sharing best practice across East Sussex and more widely through other partners.

2.3 In line with the commitment made in the Motion agreed in 2019, the County Council developed a Climate Emergency Action Plan to set out how the organisation would go about reducing its carbon emissions. The Action Plan was agreed by Cabinet in June 2020 and built on work undertaken since the first Carbon Management Plan was put in place in 2009. The Action Plan covers 2020-22 and set out the scale of the carbon footprint, described the carbon budget that the Council will aim to keep within, and included a set of actions. In 2021-22 Cabinet agreed a further £9.867m to support the work to enable the Council to become carbon neutral.

2.4 An updated corporate climate emergency plan is being developed to cover 2023-25. It will be brought to Cabinet in January 2023, once a working group of the Scrutiny Place Committee has reviewed and commented on the draft plan during September to November, and to Full Council in February 2023. This progress report covers the current climate emergency plan covering 2020-22 and not the draft action plan for 2023-25.

Assessing the Council’s carbon emissions

2.5 A clear understanding of the carbon emissions generated by our activities is a key foundation for working towards carbon neutrality. The corporate Action Plan set out an initial assessment of the carbon emissions from the Council’s activities using the Greenhouse Gas (GHG) Protocol, an accepted global standard for measuring and reporting on an organisation’s GHG emissions. The Protocol divides GHG emissions into three categories, referred to as Scope 1, 2 and 3. Together, these represent the total GHG emissions related to an organisation and its activities. Each scope covers the following emissions:

- Scope 1 – emissions from the combustion of gas, oil, petrol, diesel, coal, or wood. For the Council this covers buildings and vehicles where the Council is responsible for paying for the fuel
- Scope 2 – emissions from the electricity purchased by the Council
- Scope 3 – emissions that result from all other activities of the Council. There are 15 different scope 3 categories defined in the Protocol, some of which do not apply to a local authority (e.g. emissions from manufactured goods). The categories that do apply include emissions from business travel, water usage, waste, procurement and staff commuting. In other words, the County Council’s scope 3 emissions mostly comprise the scope 1 and 2 emissions of other organisations (e.g. contractors).

2.6 The County Council has measured scope 1, 2 and some scope 3 emissions since 2008-9. Data in relation to scope 1 and 2 is of higher quality whereas data in relation to most scope 3 emissions is much more varying in detail and quality. The current Action Plan highlights that scope 3 emissions are by far the largest part of the Council’s estimated carbon footprint, notably through the supply chain i.e. the goods, works and services that are purchased by the County Council in order to deliver its functions. This is typical for a local authority, as most of the Council’s revenue and capital budgets are used to procure goods, services and works from third parties. For an upper tier authority this includes major services such as highways maintenance, waste disposal, and education, as well as social care provision commissioned from a myriad of relatively small independent providers. The Action Plan also highlights that the largest proportion of scope 1 and 2 emissions is from schools. Overall, this means that the majority of carbon emissions generated by the Council’s activities are from sources over which the Council has influence but limited direct control.

2.7 The County Council therefore has a large and complex carbon footprint. Further work is required to quantify most scope 3 emissions before they can begin to be integrated reliably into the Council's carbon footprint and modelled for future emission reductions, notably from procurement. Consequently, the current Action Plan focusses primarily on reducing scope 1 and 2 emissions first, for example carbon emissions from buildings, and investing in more renewable energy. This is a similar approach to that adopted by most local authorities.

Working towards carbon neutrality from our activities

2.8 The approach adopted in the Action Plan is that, in order to make its fair contribution to reducing county-wide emissions, the County Council will aim to cut its own emissions by half in the 5 years between 2020-25. This is based on a recognised methodology developed by the UK's Tyndall Centre for Climate Change Research for calculating the carbon budget by local authority area. A carbon budget represents the total quantity of greenhouse gases which can be released to the atmosphere if we are to contain temperature rises to a given level – this can be calculated globally and then broken down into national and sub-national budgets. The Tyndall model, based on current scientific understanding, indicates that to stay within a budget based on a rise of no more than 1.5 degrees centigrade above pre-industrial levels (as set out in the UN Paris Agreement on Climate Change) requires cutting emissions from East Sussex by half roughly every 5 years.

2.9 This science-based reduction target is what the County Council is working towards, rather than a fixed end date by which it will become carbon neutral. This approach is in line with advice to Councils from the Local Government Association, which has stated that: "*There is no science to picking an end year where emissions are zero*. *Setting a target year by which emissions will be zero can be symbolically important. However, what counts is the trajectory of the commitments to carbon reduction between now and the target zero emissions year. This defines the actual level of emissions reduction being promised over the budget period. This is what matters to climate change*".

2.10 Cutting emissions by half every 5 years is extremely challenging. The County Council has had a significant programme of activity in place to cut carbon emissions for a number of years. It has reduced scope 1 and 2 corporate carbon emissions by over 66% between 2008-9 and 2021-22. In 2020-21 the Council achieved a 13% reduction in its scope 1 and 2 carbon emissions, which was partly due to the effect of Covid-19 lockdowns, as fewer buildings were open and staff travelled less for business. In 2021-22 the Council achieved a 7% reduction in its scope 1 and 2 carbon emissions. This lower rate of reduction was because buildings re-opened, and Covid ventilation requirements meant that the heating was on and windows were open, and business mileage increased. Appendix 8 sets out a summary of the carbon reduction measures implemented by the Council to cut its own corporate emissions as well some of the many programmes and projects that the Council has implemented to cut carbon emissions as part of the services it delivers across the county. These include, amongst others, significant programmes to address fuel poverty, to enable more walking, cycling and use of public transport, and to support local businesses to reduce their energy bills and carbon emissions.

2.11 Appendix 9 provides a summary of the status of the actions in the climate emergency plan. A number of the actions will be carried forward into the next climate emergency plan, covering 2023-25, as they are long term actions (e.g. installing electric vehicle charge points and working in partnership with other organisations).

2.12 It is likely to become more costly and complex to reduce carbon emissions over time as the 'quick wins' – the more cost effective and simpler measures, and those which are within the Council's direct control - are completed. Officers have successfully bid for additional external funding to increase the County Council's ability to deliver greater carbon reduction and are continuing to bid for further external funding. In addition, the Council has commissioned modelling work to identify the options to get to net zero and the associated net costs. This modelling will be used to inform the development of the corporate climate emergency plan for 2023-25.

2.13 In 2020-21 the Place Scrutiny Committee undertook a Scrutiny Review of Becoming a Carbon Neutral Council. The review looked at the work underway to make progress towards net zero emissions from the Council's activities and made a number of recommendations which were accepted by Full Council. Of the 27 actions, 6 (22%) have been completed and 21 (78%) are on-going. The large number of actions that are on-going reflect that getting to net zero is a journey that, in many areas, takes time and because some actions are not within the Council's control (for instance technology changes, such as hydrogen for heating or transport).

2.14 Contracts with external providers make up the largest proportion of our carbon footprint, as part of Scope 3 emissions. The Council can influence emissions from our supply chain by requiring carbon reduction targets when renewing relevant contracts, which is the approach adopted in the current highways contract. Many smaller contractors and suppliers will not have data on their emissions, or will have relatively small-scale emissions, or do not have the capital funding available to make the significant changes required to reduce their emissions. Consequently, the Council is focusing on contractors and suppliers where the likely scale of their emissions and the ability of the Council to influence these emissions are greatest, for instance where the Council is a major client.

2.15 The Council is working closely with its Orbis partners to share costs and expertise in driving down carbon reduction from its supply chain. This includes working with Surrey County Council to trial a database that will enable suppliers to measure their baseline emissions and set a carbon reduction target, and commissioning specialist consultancy support to assess the potential cost of decarbonising the supply chain. These actions will enable carbon emissions from procurement to be more complete and reliable, which will enable the Council to then set a base year against which to measure progress in cutting carbon, potentially on a sector-by-sector basis.

2.16 Progress towards becoming a carbon neutral council is overseen by the Climate Emergency Board, which has senior representatives from every department and is co-chaired by the Chief Operating Officer and the Director for Communities, Economy and Transport. Reporting on progress is made quarterly to Officers and annually to Full Council and is set out on the Council's website.

2.17 The Council has recognised the severity of the climate crisis by declaring a climate emergency, setting a clear science-based target and committing an additional £9.9m of funding to cutting corporate carbon emissions. The scale of the Council's functions and the diversity of providers the Council works with makes this a complex and substantial task. Significant work has already been undertaken to reduce emissions and will continue to be undertaken. This progress report sets out what has been achieved to date.

3. Ashdown Forest Trust Fund 2021/22

3.1 This report sets out the outturn financial position of the Conservators of the Ashdown Forest (COAF) for 2021/22 against the approved budget (Appendix 10), approved by the Board of Conservators at their meeting on 29 November 2020 and presented to the Cabinet on 2 March 2021.

3.2 The Countryside Stewardship (CS) budget presents a surplus of £9,274 for 2021/22 due to reduced activity and expenditure on CS projects. The surplus has been added to the CS Reserve which, at 31 March 2022, has a balance of £418,991. The CS budget is entirely funded from government grant and is ringfenced for CS activity.

3.3 The Core budget presents a deficit of £75,658 for 2021/22. Within this deficit position is £19,592 in respect of accounting (non-cash) adjustments, which leaves an adjusted operational deficit of £56,066. In accordance with the Ashdown Forest Act 1974, at the end of 2020/21 the Council contributed £69,792 to COAF to offset the forecast in-year deficit for 2020/21. The 2020/21 outturn actually concluded with a surplus of £36,520, resulting in an overpayment by the Council of that amount, which has been carried forward to offset against the 2021/22 operational deficit, leaving an unfunded deficit of £19,546. The balance of the Core Reserve at 31 March 2022 was £321,114.

3.4 The Combined Income and Expenditure Summary is set out in Appendix 10

3.5 The key variations against the approved budget were:

- Unrestricted Funding: The Ashdown Forest Foundation (TAFF) budget planned for £150,000 of donations. However, TAFF is a newly formed charity with new trustees and, given the backdrop of launching during the pandemic, the charity had not been in a position to make an income contribution this year. The COAF had worked to mitigate the shortfall in income with reduced staff costs and controlling operational expenses.

- There is a net overspend on staff costs which is mostly due to the in-year staff restructure. Income from licences and other forest revenue is higher than forecast and there is also a small underspend in operational expenses.

- It is estimated that £30,000 of income has been lost due to Covid-19 restrictions on income generating aspects of the COAF operation during 2021/22.

3.6 While the Council has a statutory obligation to meet the shortfall between expenditure and income of the Conservators' Core Budget, it also has the responsibility for approving the level of expenditure. It is recognised that the 2021/22 deficit in the Core budget has arisen primarily from an over-estimation of the level of income the TAFF could raise in its first year, together with the impact of the pandemic and was not wholly foreseeable when the budget was agreed.

3.7 The Cabinet agreed that the Council makes a financial contribution to the COAF of £19,546, being the adjusted Core budget operational deficit of £56,066 less the adjustment for the over contribution in 2020/21 of £36,520. Given that is it estimated that in the region of £30,000 of income was lost due to the continuation of the pandemic, it is proposed that the Covid-19 grant funding is allocated to fund the deficit.

29 September 2022

KEITH GLAZIER
(Chair)