

27 AUGUST 2020**OFFICIAL: SENSITIVE****COMPREHENSIVE SPENDING REVIEW 2020 (CSR20)****Purpose**

1. To update the Board on the FC's evolving response to CSR20 which will set out the government's detailed spending plans for the Parliament.

Background

2. CSR20 was launched on 21 July by the Chancellor. It will conclude in the autumn with departments submitting final bids to HMT by 24 September.
3. The government will use the CSR to finalise priority outcomes and metrics with departments and will publicly announce these at the conclusion of the CSR. Departments are expected to demonstrate how their bids would help to deliver their priority outcomes.
4. The CSR will set resource DEL (RDEL) budgets from 2021-22 to 2023-24 inclusive and capital DEL (CDEL) budgets from 2021-22 to 2024-25. HMT have required departments to zero-base CDEL. Given the legacy budget gap, and that HMT are expected to require departments to live within a flat cash settlement, Defra have also decided to zero-base RDEL.
5. Defra's approach to the CSR is to brigade work around its strategic outcomes (SOs), ensuring that the links between policy and delivery are clearly understood for each outcome. This may mean submitting contributions across multiple outcome systems which for the FC are NER and FFaB. A diagram of the Defra Group Line of Sight for CSR20 is attached at [Annex A](#).

Phase 1

6. The first Phase was to complete templates setting out the most important proposals for each of outcomes with associated costs by 12 August. It was agreed with Defra that the FC's response would cover all our work across both OSGs and our submission, developed by Richard Greenhous with input from colleagues across the FC, is attached at [Annex B](#).

7. The following table summarises the FC’s initial proposal and the level of uplift over and above our 2019-20 baseline allocations. The bulk of the increase associated with the England Tree Planting Programme (ETPP) within SO2.3 and Tree Health within SO3.4

Strategic Objective		21-22 £m RDEL	21-22 £m CDEL	22-23 £m RDEL	22-23 £m CDEL	23-24 £m RDEL	23-24 £m CDEL	24-25 £m CDEL	Total £m DEL
Environment & Climate	SO2	74.8	36.2	85.8	41.3	92.8	57.6	146.5	535
Agriculture, Food and Fisheries	SO3	7.4	6.6	7.1	3.7	7.1	3.00	2.7	37.6
Organisational Capability and Development	SO4	3.3	-	1.8	-	1.7	-	1.1	7.9
	Total	85.5	42.8	94.7	45.0	101.6	60.6	150.3	580.5
	19-20 Baseline	39.7	9.5	39.7	9.5	39.7	9.5	9.5	157.1
	Bids [Uplift]	45.8	33.3	55	35.5	61.9	51.1	140.8	423.4

8. Bids from across the NER OSG were discussed at the Future Environment meeting on 20 August attended by FC CEO. The meeting recognised that the scale of bids was very ambitious, reflecting the huge gap between what is needed to achieve 25YEP goals and manifesto commitments, as well as to sustain BAU in the light of SR15 cuts and other pressures, and the signal from HMT to expect a flat-cash settlement. The meeting agreed that we should remain ambitious, and make choices clear to ministers, but be prepared to understand both at an outcome and an organisational level what flat cash or something much closer to it than our bids, would actually mean.
9. Separately FC’s Head of Tree Health has been working closely with Defra Plant Health on the FFaB OSG bid, notably on implementing the Plant Biosecurity Strategy 2021, and we have been working through other channels on our IT bids (via DDTS), property (via GPA and ECG) and science (via CSA). We are also working actively with Defra on proposals to improve visitor facilities for disabled people.
10. We have developed an Excel workbook ([Annex C](#)) to manage the values that support the bid and provide additional transparency, avoid duplication, and aid navigation on our proposals. The first tab of that workbook splits out our bids into individual actions with outcomes by OSG and FC business entity, as well as indicating the FC action sponsor. It also offers the option to prioritise and rank our proposals. The workbook will be maintained throughout the CSR.
11. Work continues at pace and we have taken the opportunity to refine the values (notably on ETPP) which, although in total across the CSR period remain constant do differ between FYs and in classification (RDEL/CDEL).

Phase 2

12. The commission for Phase 2 is expected shortly. This Phase will focus on capital evidence, financial detail, ODA detail, and workforce & equalities information of those proposals accepted by Defra for further development.

5% Cuts

13. As this paper was being drafted Defra signalled that the department is likely to be asked to generate efficiencies in yearly RDEL spend and they have asked the FC to provide options for a 5% cut by cop 1st September.
14. Given the impact of ETPP on existing activity, the increased visitor pressure on the Nation's Forests and FR's already challenging finances, as well as the financial impact of Covid-19, our ability to offer options for savings is limited.

Risk Assessment

15. Strategic Risk Register FC01 'Financial Sustainability' already flags that the loss of commercial income from Covid-19, together with pressure for further baseline savings, may threaten the FC's ability to deliver statutory functions and wider government objectives.
16. The principal risk associated with CSR20 is that we do not achieve adequate baselines to maintain our BAU work, whilst being required to take forward work in support of the government's woodland creation and net zero manifesto commitments with insufficient resource to deliver the capital elements.
17. There is also the risk that only the high-profile bids linked to manifesto commitments will be successful, at least in CDEL terms, and our lesser bids rejected.

Equality Impact Assessment

18. An Equality Impact Assessment, if required, will be undertaken at an appropriate stage as the project progresses.

Communications

19. None at this stage.

Recommendations

20. The Board are invited to note and discuss the FC's response to date, the evolving situation including the request for 5% savings options, and whether the opportunity should be taken at EB to prioritise and rank our proposals.

Steve Meeks
FC Director of Finance & Corporate Governance
25 August 2020