

Committee(s): Epping Forest & Commons	Date(s): 20 05 2019
Subject: 2019 Countryside Stewardship Grant application (SEF 18/19)	Public
Report of: Director of Open Spaces	For Decision
Report author: Sally Gadsdon, Environmental Stewardship Officer and Jeremy Dagley Head of Conservation, Epping Forest	

Summary

External funding to support our continuing restoration and management of Epping Forest's internationally important wood-pasture habitats is being sought from the Countryside Stewardship Scheme (CSS). This would continue the partnership funding established with Natural England under the predecessor scheme, Environmental Stewardship (ES). It is proposed to seek Committee's feedback on the proposals for funding both through the Management Plan Steering Group (MPSG) in May, examining detailed proposals, followed by your Committee for approval of the application as a whole in July. The submission of the grant application would be in late September 2019. To maximise income from this grant, it is proposed in 2020 to submit a second application for funding on areas of the Forest not covered by the first application, and, in the same year, a third application for the Buffer Lands.

Funding is being sought to contribute to the essential and high priority nature conservation management of the Forest with emphasis on:

- maintaining and/or enhancing the condition of the Site of Special Scientific Interest (SSSI) and Special Area of Conservation (SAC);
- consolidating the improvements made in key habitats management, including wood pasture, heathland and grassland, under the predecessor scheme (ES);
- the care of ancient pollarded trees for which the Forest is renowned;
- continuing to develop the grazing project and expansion plan;
- undertaking other necessary access and estate management works covered by the Scheme's various grants such as ride widening, fire break provision and visitor welcoming signage.

Recommendation(s)

Members are asked to:

- note the grant application timetable.
- approve the proposed engagement and approval process with Epping Forest & Commons Committee.
- approve making two separate applications for funding for the Forest in 2019 and 2020 and a third application for the Buffer Lands in 2020.
- approve the range of operations and Forest locations that are proposed to be funded through this grant.

Main Report

Background

1. Since 1989, and with the notification of the Site of Special Scientific Interest in 1990, Forest habitat work has specifically addressed the nature conservation objectives of the Epping Forest Act 1878 and subsequent national wildlife conservation acts, in particular the Wildlife & Countryside Act 1981 as amended (W&C Act 1981) and the Natural Environment and Rural Communities Act 2006 (NERC Act 2006). Since its designation in 2005 as a Special Area of Conservation (SAC), international legislation has become increasingly significant in determining the management of the Forest.
2. The objectives have always included the protection of the pollards and the heathland flora, such as heather and gorse. They have been refined over time on the basis of scientific knowledge about the rarity and vulnerability of various habitats and species, as well as on the basis of an understanding of the growing importance of the Forest in sustaining internationally-threatened biodiversity (e.g. Forster's Knot-hole Moss, heathland, fungi and insects of hollowing trees, the ancient trees themselves).
3. For nearly twenty years, and for many decades beforehand, this conservation work was funded almost entirely by the City through its grant to the Epping Forest Charitable Trust, although annual woodland grants from the Forestry Commission assisted latterly. However, from 2008 direct financial support for environmental conservation became available from the UK government, supported by the European Union. A successful application for these funds ensured that for the last ten years from 2008 to 2018, external grant-aid, in the form of Environmental Stewardship's twin grants of Entry Level and Higher Level Stewardship, has been received to support this important work.
4. This grant, which largely supported wood-pasture restoration, grassland and heathland management and grazing, has provided over £1.6M towards the Forest's conservation.
5. The Countryside Stewardship Scheme (CSS) is the successor scheme. It supports the UK Government's strategic vision for its 25-year Environment Plan

and is aimed at enabling the Department of the Environment, Food and Rural Affairs (Defra) to achieve one of its main strategic objectives. The main priorities of the scheme remain the protection and enhancement of the UK's natural environment.

6. With over 7% of the UK's wood-pasture, a habitat of Principal Importance (NERC Act 2006), the City of London's conservation work will be contributing significantly to the UK Government's commitments under the internationally-agreed Convention on Biological Diversity, as well as the Bonn and Bern Conventions to which the Government is a signatory.
7. External funding is critical for Epping Forest's local risk budget to be able to undertake this vital conservation work. Maximising income is especially important as the funding from another government scheme, Basic Payment Scheme (BPS), which has contributed up to £120,000 each year since 2005 to local risk budgets, is highly likely to decline to zero by 2028, if the UK leaves the European Union and the proposed Agriculture Bill comes into legislation.

Current Position

8. An application for CSS funding for the Forest is in preparation and this paper presents the timetable for application and engagement with Committee and an outline of the work for which funding is likely to be sought.
9. The proceeding paragraphs outline the CSS application process and timetable, as well as a proposed timeline for engaging with Committee. Further on, the types of work for which funding will be sought are outlined. Lastly, it will be explained why the application for the Forest needs to be split across two applications in 2019 and 2020.
10. An application for CSS funding for the Buffer Lands will be prepared in 2020.
11. The Scheme is administered by the Rural Payments Agency (RPA), with technical expertise and support provided by Natural England (NE).
12. The timetable for applying to the scheme is as follows:
 - a. 3rd May 2019 – deadline for applying in outline, to ensure consideration for funding;
 - b. June – August 2019 – negotiations with Natural England to identify the most appropriate balance of funding;
 - c. 31st August 2019 – deadline for application of agreed funding proposals;
 - d. 30th September 2019 – deadline for requesting any changes and to request a formal agreement offer;
 - e. October – December 2019 – receive and sign the legally binding agreement for funding;
 - f. 1st January 2020 - 31st December 2029 – agreement duration with delivery of work as determined by the grant options chosen.

13. Engagement with Epping Forest & Commons Committee has been and is proposed as follows:

- a. January 2018 – a report was submitted to Committee with the intention of applying in 2018. Scheme requirements meant the preparations could not be delivered in time to apply. Committee was updated of this situation in May 2018.
- b. May 2019 – by the time of May 2019 Committee the Management Plan Steering Group (MPSG) would have been presented with an outline of the range of work and locations in the Forest for which funding would be sought. The MPSG would be invited to give feedback on the work proposals.
- c. 8th July 2019 – report to Committee on the full proposals for the 2019 CSS application. Committee's approval sought to proceed to conclude negotiations with Natural England.
- d. Note – as the conclusion to the negotiations with Natural England will fall in August, there will be a limited opportunity to make changes to the funding proposals in September.
- e. 9th September 2019 – report to Committee presenting the specific proposals agreed with Natural England and seek Committee's approval for submission of the application.
- f. For the 2020 Forest and 2020 Buffer Land applications detailed proposals will be presented to the MPSG and reported to Committee. This will be undertaken during autumn 2019 to spring 2020. Approval to submit these two 2020 applications will be sought in early summer 2020.

14. Epping Forest Consultative Committee will receive a report for information in June 2019. There will be some opportunity to feedback on specific proposals, but the report will largely be for information as reporting on this topic to your Committee started before the Consultative Committee was fully constituted.

15. The preparation of the application is in a number of phases:

- a. A high level of detail and evidence for each Forest Compartment and habitat is required to enter CSS. With the large size of the Forest, and to maximise funding from this Scheme, it is proposed to submit an application in 2019 for part of the Forest and apply for funding for the rest of the Forest in 2020.
- b. The thrust of the CSS application is to ensure financial support for operations that are currently commitments (e.g. grassland management) or have already been identified as required (e.g. maintenance of pollarded and haloed areas of wood-pasture). The components of the work are set out below.
 - i. Maintain the areas managed under the Higher Level Stewardship (HLS), notably the wood pasture restoration areas in each Forest Compartment (across about 390ha). To fully restore and maintain wood-pasture habitats, work will continue to increase light in these core areas to promote ground flora establishment, to ensure conditions are enhanced for specialist invertebrates, including Stag

Beetle, to encourage re-growth of areas of scrub, to protect ancient oaks and their seedlings . Much of this work will involve carefully selective tree-felling and reduction of over-grown veteran hornbeam pollard canopies. There will also be a cyclical programme of mechanical flailing/mowing required for areas under the pollards. Other work will involve the management of heathland, scrub and grasslands.

- ii. Care of veteran trees – Epping holds the greatest number of ancient pollarded trees in the UK. Since 1984 many Hornbeam pollards have been re-pollarded across the Forest. Focusing on the core sites of previous Management Plans and the 2008 – 2018 ES Scheme, these re-pollarded trees will be kept in cycle as planned by further lopping work. In addition, arborist operations will centre on managing the existing Keystone Trees, originally identified under the *Branching Out* Project. Many of these Keystone Trees require no further management over the next ten years but a proportion require follow-up cutting of their re-growing canopies to ensure their stability and vitality.
- iii. Care of the SAC habitats – this is management of habitats of European importance, these are the beech woodlands and heathlands.
- iv. Ensuring recovery of condition in the SSSI, which means as well as maintaining the condition of currently favourable areas, other work will seek to improve the condition of areas that are still classified by Natural England as 'Unfavourable' condition (**Appendix 1** provides a list of these areas). The types of work this will involve are selective tree felling, opening up/haloing around veteran trees to increase light to them and the reduction of infilling, over-shading trees.
- v. Deliver the grazing programme which is key for the management of wood pasture, heathland and grassland habitats.
- vi. Seeking funding for other work already intended such as ride widening, opening up areas for visitors and fire breaks.
- vii. The provision of new interpretation boards at carefully chosen locations across the Forest that are popular entry-points for visitors. These will help to orientate visitors and explain the special features of the area so that visitors can get the most out of their time in the Forest.

- c. Funding from the grant will also be sought to offset the costs incurred in the preparation of the 2019 and 2020 applications themselves.

Options

- 16. Delivery of the work – It is currently envisaged that the operations would be delivered by a mixture of in-house teams, contractors and volunteers. This balance would be based both on the affordability of utilising contractors and the capacity of the in-house arborist teams after statutory obligations have been discharged and other work priorities have been assessed. The July report to

Committee will give further details on the indicative costs and options for the balance of work.

Proposals

17. It is proposed to engage with Committee following the timetable given in paragraph 13 (a – f). The MPSG would be the forum to review the proposals for the CSS grant in detail. Full details will be available to all members of Committee on request, and a thorough overview of work and areas of the Forest included will be presented to Committee for approval in July 2019.
18. It is proposed that the CSS funding should be accessed in three separate applications between 2019 and 2020 to maximise funding and to allow the field survey work and site assessments to be carried out with current staff resources. Due to the Scheme's rules, as the Forest has commoners' rights, a separate application must be submitted for the Buffer Lands. One application will be submitted in 2019 for the Forest, and a second application in 2020 will be submitted for the Forest along with a third application for the Buffer Lands.
19. To seek funding for the areas of work outlined in paragraphs 15b i – vii above.

Corporate & Strategic Implications

20. Our Corporate Plan (2018-2023), whose vision includes "To shape outstanding environments", aims to:
 - a. Provide thriving and biodiverse green spaces and urban habitats
 - b. Provide environmental stewardship and advocacy, in use of resources, emissions, conservation, greening, biodiversity and access to nature
 - c. Protect, curate and promote world-class heritage assets
21. The works that could be funded by the CSS grant would contribute to fulfilling Our Corporate Plan because:
 - a. Work would be undertaken to manage internationally important SAC habitats and populations of veteran trees as well as nationally important SSSI habitats. The aim is to see an improvement in condition of all of these.
 - b. Work would be undertaken that would benefit several scarce species that have increased in number during the time HLS work was undertaken. These include the plants: Lousewort, Adder's Tongue, Heather, Ragged Robin; the insects: White Admiral, Purple Emperor, and possibly the birds Goshawk and Song Thrush. The aim is that the Forest's specialist biodiversity, especially saproxylic fungi and insects, would continue to increase during the work funded by CSS.
 - c. The interpretation boards and other works that make the Forest a welcoming place will increase the potential access to nature by our visitors.

- d. In 2020, funding to help conserve a number of historic features will be investigated.

22. The Open Spaces Business Plan 2019-20 includes the outcomes and departmental activities:

- a. Outcome: Our habitats are flourishing, biodiverse and resilient to change
- b. Outcome: Our open spaces, heritage and cultural assets are protected, conserved and enhanced
- c. Outcome: Nature, heritage and place are valued and understood
- d. Activity: Protect and enhance our sites' biodiversity
- e. Activity: Improve the visitor and cultural offer

23. In addition to paragraph 20, the work funded by CSS would help to increase habitats' resilience to change by improving their condition making them more stable to adapt to future conditions. Funding will also be sought to contribute to the approved grazing expansion plan.

Implications

24. **Financial implications:** Work is being done to maximise the funding brought in through the grant. Analysis will be undertaken to calculate how much the grant will cover internal and external costs and, therefore, how much contribution will be required by the Local Risk budget and in-house staff resources. Under the Environmental Stewardship, the grant funding for seven years of the ten was matched solely with in-house staff resources. The calculations for CSS and the changing circumstances expected under the Fundamental Review will be presented to Committee in July 2019.

25. *Key risks: Financial.*

- a. The grant operates on a menu of options which have set funding rates for 10 years. It is envisaged some of the work will be delivered by contractors. There is a risk that inflation and other financial factors will cause contractors' rates to increase during this period relative to local risk budgets. To mitigate this risk:
 - i. An exercise has been conducted to ascertain indicative prices from contractors. This was done on a consultancy basis and not as a competitive tender exercise and contractors were asked to anticipate cost inflation. This work has provided a basis for assessing the long-term affordability of the operations.
 - ii. One option is to slightly front-load the work contracted out to the first few years, so that proportionately less work is carried out in the last few years of the grant when prices may be relatively higher.
 - iii. A combination of CSS options will be chosen to maximise the income and cross-subsidise between areas of work where grant rates vary.
- b. There is a possibility that towards the end of 10-year grant agreement the funding rates may be insufficient to cover the work required, despite

undertaking the forecasting exercise outlined above. In this case an application to borrow from the City might have to be made for further funds to fulfil our grant obligations. The data on cost forecasting will be presented in the July 2019 Committee report to demonstrate a low level of this risk.

- c. **Brexit.** Funding for the CSS grant currently comes from the EU. If the UK leaves the EU Defra may decide to reduce the funding available for CSS. This may affect the funding available for the 2020 application but 2019 is unaffected by this scenario. Therefore, a form of mitigation is to apply for as much funding as we are able to realistically achieve in 2019.

26. **Key risk: Reputational.** there has been minor reaction from the public to a small proportion of the work carried out through HLS across its ten-year span, and indeed across 30 years of wood-pasture habitat work and 17 years of the re-establishment of grazing. Under CSS there would be some significantly visible changes resulting from some of the work (e.g. pollarding and tree thinning). The mitigation to this is the preparation of a proactive communication strategy.

27. **Key risk: Grant body administration:** the Rural Payments Agency (RPA) has taken over from Natural England in the administration of this scheme. There are still issues being resolved from this change in administration. Epping presents a set of circumstances that are not posed by other applicants. As a result of the more limited discretion of the grant-giving agency, there are more uncertainties in interpretations of rules than previously. For example, the splitting of the application process across two years (2019 and 2020) is still “subject to approval”, although both local advisers (NE and RPA) are fully supportive. Approval will not be confirmed until August 2019 by which time it will be too late to make significant changes to the first application. The mitigation for this has been to prepare a 2019 application which encompasses a large proportion of essential works and a significant level of grant comparable to previous ES grant levels.

28. **Legal implications:** The work proposed will be the subject of a Habitats Regulations Assessment to satisfy the requirement that the work will not have a detrimental impact on the SAC. Furthermore, the work will require SSSI consent to be issued by Natural England. Both of these considerations have been part of the work that is being undertaken with Natural England in the development of this grant application. It is expected that both of these assessments would support the proposals based on the current range of operations being considered.

29. **HR Implications:** Some existing staff have been, and for the 2020 application would be, involved in work additional to their usual duties to assist in the preparation of this grant.

Conclusions

30. An application for funding to undertake habitat works to protect the Forest’s internationally important habitats is being prepared. Subject to approval, the

application would be submitted at the end of August 2019, with minor changes possible in September 2019. The work and the grant payments would start in January 2020 and would need to be delivered by December 2029.

31. Committee is to be engaged in reviewing the proposals through the Management Plan Steering Group and reports are to be prepared for Committee in July and September 2019. A second application for additional funding for the Forest would be submitted in 2020, alongside a separate application for funding for the Buffer Lands.

Appendices

- Appendix 1 – Areas of the Forest's SSSI that are assessed by Natural England as being in 'Unfavourable' condition.
- Appendix 2 – Map of the SSSI units of Epping Forest.

Background Papers

- SEF 03-18 EF & C Committee Report (January 2018): Countryside Stewardship Grant Scheme Application
- SEF 22-18 EF & C Committee Report (May 2018): CSS Update

Sally Gadsdon, Environmental Stewardship Officer, Epping Forest
E-mail: sally.gadsdon@cityoflondon.gov.uk

Jeremy Dagley, Head of Conservation, Epping Forest
E-mail: jeremy.dagley@cityoflondon.gov.uk