

Committee(s):	Date(s):
Epping Forest and Commons	14 May 2018
Subject: Countryside Stewardship Scheme application update for Epping Forest (SEF 22/18)	Public
Report of: Director of Open Spaces	For Decision
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Summary

Over the ten-year span (2008 – 2018) of the current Environmental Stewardship Scheme (ESS) the grant monies will have brought in a total of over £1.73 million in revenue, providing vital support for approved conservation work in Epping Forest's internationally and nationally-important habitats. The agreement with Natural England under ESS terminates in October 2018. The successor scheme is the Countryside Stewardship Scheme (CSS), aimed at providing similar support for biodiversity conservation. Epping Forest remains a priority site for Natural England.

Following the previous report to Committee in January, a further review of the application process has been undertaken with Natural England (NE). As a result, it has become clear that with withdrawal of fieldwork assistance by NE, changes to mapping, new issues on commoning rights and the request for prior quotations through a procurement process the timetable for application needs to be extended. As the applications for CSS can only be made annually, the application is now proposed for August 2019 rather than 2018.

The Management Plan Steering Group would be consulted on the options in the same way as previously proposed but now over a longer timescale. Approval would be sought from your Committee in July 2019. Any application would be submitted by September 2019 to Natural England for its approval. Any CSS grant payments would start in January 2020. The period without Stewardship grant-funding, therefore, would be increased from 2 months, under the original approved timetable, to 14 months. This creates a deficit in income spread across two FYs, and will require a temporary cessation of any contractor work in FY2019-20 and leave a potential funding gap in that year of £70,000. The aim is to cover this gap with new income from CSS.

Recommendation(s)

Members are asked to:

- note the revised, longer timetable for the options appraisal by the Management Plan Steering Group and later application preparation;
- approve the preparation of a CSS application, consistent with their previous approval, to be presented to your Committee by July 2019. .

Main Report

Background

1. The Environmental Stewardship Scheme (ESS) and its successor the Countryside Stewardship Scheme (CSS) are land management grant schemes administered by the Department of Environment, Food & Rural Affairs (DEFRA) Agency Natural England which aim to ensure widespread environmental benefits from the management of land.
2. The 10-year ESS agreement between Epping Forest and Natural England finishes on 31st October 2018. The grant monies received by this date will have brought in a total of over £1.73 million in revenue for the Forest's habitat management.
3. A detailed report on the new scheme and the application process for CSS was presented to your Committee in January 2018. The working up of options, to be reviewed by the Management Plan Steering Group, and then for a CSS application to be considered by your Committee later this year, was approved.

Current Position

4. However, since January a number of issues have arisen which have had an impact on the proposed timetable for application submission.
 - a. Withdrawal of CSS supporting fieldwork by Natural England Officers.
 - b. New administrative arrangements for shared communing rights.
 - c. Unanticipated Rural Land Register map modifications.
 - d. New requirements to secure quotations prior to application.
5. **Withdrawal of fieldwork support.** The local Natural England team has had to limit the resources offered by both the CSS officer and the SSSI officer in relation to CSS fieldwork. Whilst both officers can continue to provide detailed advice and make regular site meetings to develop the application with us, they informed us at a meeting in February that they would not be able to carry out the SSSI compartment evaluation work that the CSS handbook prescribes.
6. This work would normally be completed by NE and although NE offers some grant assistance for consultants to carry out preliminary work in these circumstances, it is clear that the fieldwork for such a large site would need to be completed by Epping Forest officers. This work is relatively straightforward, and the fieldwork will be relevant and valuable to us, but this extra task requires a revised timetable.
7. **A new administrative approach to any possible shared rights (e.g. common rights)** This approach seems to cover Epping Forest. Whilst it has the advantage of probably resulting in the offer of a 10-yr funding package (rather than a 5-year grant) it may require several new site identifiers to be generated and extra paperwork. The approach to this is still subject to some

uncertainty, which is likely to take several weeks to resolve and thus lengthens the timetable.

8. **Rural Land Register Map Modifications** At the beginning of March, it became apparent that the Rural Payments Agency had unilaterally modified the maps (which divide the Forest into eligible parcels of land) on which any application would be based. The large number of small modifications are cumulatively significant and must be incorporated into our existing mapping. This is likely to take several weeks of work.
9. **New requirement for prior quotations** - the NE CSS Officer at the meeting in February provided new advice on the most appropriate management options following his site visit with us in December 2017. Under CSS, compared with the current ESS, some of the better financial options would require three quotations to be obtained before any CSS grant application. Given the requirements under both national and City procurement procedures for how such work should be tendered, it is clear that several months may be required to complete such a process.

Options

10. Because of the new information and constraints described above, the original approved Option 1 (January Committee report – see *Background Papers* below), that a CSS application is made by September 2018 cannot now be met. Therefore, the three options put to your Committee in January should now be re-framed as two options only.
11. **Option 1.** This option is essentially the same as Option 2 from the previous January 2018 Committee Report. Although not recommended in that report, the changes to the application process described above (paras 3 – 7) now necessitate a longer period of preparation. The risk is a future but likely temporary deficit of around £165,000 to the Epping Forest local risk budget compared with the current financial position this FY. This risk is offset by being spread across two Financial Years and the deficit may also be made up to some degree by a larger CSS grant in the second of these financial years. The details of the level of risk are described in detail in the *Financial Implications* (see paras 21 – 23 below for explanation of the risk).
12. In contrast, the benefits are a greater amount of time to consider options alongside the developing Epping Forest Management Plan and an increased likelihood of obtaining the optimum level of grant for the required work. The option, therefore, is to prepare an application over 2018 and 2019 to submit to your Committee in July 2019. Subject to Committee's approval the application would then be made to NE in August/September 2019. **This option is strongly recommended and is consistent with the your Committee's previous decision.**
13. **Option 2.** No application is made to the CSS. This would lead to an annual deficit of about £165,000 to the Epping Forest budget, compared to recent average Stewardship income. This would mean that essential conservation

work being carried out in the Forest would not receive the grant aid for which it is eligible, and the City would pick up all the costs. This option would also put at risk previous habitat management work as well as the required 'legacy work' to continue the achievements under grants such as the Heritage Lottery Grant (HLF). Failure to continue this work would itself run the risk of financial clawbacks from HLF.

14. Reduction in the conservation efforts is likely to result in a decline of the condition of the SSSI, which would be a considerable reputational risk for the City of London Corporation. Also, the City, as a public body and as The Conservators, has a responsibility to enhance biodiversity and manage the important natural features of the Forest. The National Audit Office Report in 2008 highlighted Epping Forest as a SSSI in unfavourable condition at that time, leading to questions at the Parliamentary Public Accounts Committee (PPAC). The conservation work since then has improved the condition towards favourable and answered concerns raised at and following the PPAC meeting. **Therefore, this option is not recommended and would not be consistent with the previous Committee decision of January 2018.**

Proposals

15. It is proposed that **Option 1** should be followed and that officers continue to prepare a comprehensive CSS application in liaison with NE, to be reviewed by the Epping Forest Management Plan Steering Group over the next 14 months. Approval by your Committee would be sought in July 2019 before application submission in August/September 2019.
16. It is further proposed that adjustments are made to the 2019-2020 conservation work programme to ensure that there is continuity in the habitat operations to maintain favourable condition and to ensure consistency with the previous grant-funded works, whilst managing expenditure in line with any likely temporary reduction in funding levels.

Corporate & Strategic Implications

17. **City of London Corporate Plan 2018 - 2023:** the restoration and maintenance of the internationally and nationally-important habitats of Epping Forest directly underscore the *third pillar* of the Corporate Plan, which is to "**shape outstanding environments**". This *third pillar* of the Corporate Plan is measured by four outcomes. The conservation and heritage management of the outstanding environment of Epping Forest and its buffer lands contribute significantly to the achievement of two of these: Outcome 11 "We have clean air, land and water and a thriving and sustainable natural environment" and Outcome 12 "Our spaces are secure, resilient and well-maintained".
18. **Open Spaces Department Business Plan 2016-19:** The Strategic Vision of this plan is to 'Preserve and protect our world class green spaces for the benefit of our local communities and the environment.' and one of the Department Objectives is to 'Protect and conserve the ecology, biodiversity

and heritage of our sites.’ CSS would provide significant funding to support this objective.

19. **Epping Forest Management Plan, Strategy and Business Plan:** the priorities of the CSS application tie closely with the priorities of previous and forthcoming Epping Forest Management Plans. These priorities will reflect the biodiversity and heritage importance of Epping Forest and its Buffer Lands, the importance of maintaining or reaching favourable condition status and the consolidation of the legacy of achievements under both the ESS work programmes and the HLF-funded *Branching Out* Project.

Implications

20. **Financial:** both the current ESS and future CSS agri-environment grants are incentivising schemes, and are not aimed at covering 100% of the costs of the management operations. Nonetheless, careful planning of the type of grant support (its mix of options), the operational focus and the locations to which the CSS grant is applied, will optimise the level of income in relation to any matched resources (Forest staff or local budget spend). As such, this remains a vital income stream for the Epping Forest local risk budget. It supports work required to meet the Corporate and Departmental Objectives cited above (paras 15 & 16) and to ensure favourable condition of the Forest’s habitats.
21. The extended application timetable, with an application in September 2019, rather than 2018 (there is only one round of CSS applications annually), for the reasons outlined in paragraphs 4 to 9 above, would increase the period of time without grant from 2 to 14 months. After the October 2018 finish of the current ESS grant, any CSS grant would now start in January 2020 rather than January 2019. Therefore, the risk is a deficit in income of around £165,000 over a period of 12 months in the Epping Forest local risk budgets.
22. **However, this deficit is offset by being spread across two FYs, the current one, 2018-19, and FY2019-20.** Although the current ESS grant finishes on October 2018, the income during FY2018-19 from this grant is due to be only slightly lower than for a normal full year (around £134,000 compared to £165,000) because of the way in which the grant was originally phased in 10 years ago. This deficit of £31,000 should be made up by other expected income for this year.
23. In FY2019-2020, however, there would be 9 months without grant. To offset this, the current £95,000-a-year spent on contractors for habitat restoration work would cease. This would lead a deficit of around £70,000. The aim would be to cover as much of this as possible with CSS grant as this would be due to start on January 2020 and cover the final three months (Jan – Mar 2020) of FY 2019-2020.
24. During these two FYs the separate Basic Payment Scheme agri-environment funding, which supports the grassland management across the Forest and Buffer Lands, is not expected to change, other than as modified by exchange rates.
25. **HR Implications:** the CSS preparatory work will become a main part of the Environmental Stewardship and Biodiversity Officers’ roles over the next two

years. In addition, there will be significant inputs from the Head of Conservation, the Grazing & Landscape Projects Officer, the Head of Operations, and the Senior Conservation Officers and their teams. Any recruitment of replacement land agency support may also need to address agri-environment scheme management.

26. **Legal and organisational reputation:** Much of the work that has been carried out under the ELS-HLS agreement has occurred within the Site of Special Scientific Interest (SSSI) for Epping Forest. The UK Government's Biodiversity 2020 Strategy aims to get 95% of national SSSIs into *Favourable* or *Unfavourable Recovering* condition. The work undertaken as part of ELS-HLS has helped to maintain or improve the condition of the 41 constituent SSSI units at Epping Forest. Continuing this work is crucial to avoid a decline in condition of the SSSI. This work also meets the responsibilities of the Conservators under the Epping Forest Act 1878 (Section 7 (3)) and the City's responsibilities as a public body in relation to the enhancement of biodiversity.

Conclusions

27. The current ESS grant has provided vital funding for the management of Epping Forest since 2008 (over £1.73 Million) and enabled restoration of internationally-and nationally important habitats for which the Forest is protected. The CSS grant offers significant financial support for these long-term conservation priorities at Epping Forest and has the potential to offer better-focused grant-aid, including for heritage works, than the current ESS scheme.
28. To ensure this better focus, and optimisation of grant level, the application must involve a comprehensive review of the new options available. However, following several important and recent changes to the registration, mapping and procurement processes, as well as a reduction in NE resources, the original recommendation of a 2018 application that was approved by Committee has now been modified to a proposed application by September 2019. This creates an income deficit over each of two financial years, which should be covered by other income in FY2018-19, but in 2019-20 may create an income gap of around £70,000. The aim is to cover as much of this as possible with the new CSS grant which, if the application was successful, would start and run for 3 months of that second FY

Appendices

- None

Background papers

- Report to Epping Forest & Commons Committee 15th January 2018: *Countryside Stewardship grant scheme application* (SEF 03/18)

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