

Committee: Epping Forest & Commons Committee – For decision	Dated: 08032021
Subject: 2019 Countryside Stewardship Grant Agreement Amendment (SEF 13/21)	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	11
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	-
What is the source of Funding?	-
Has this Funding Source been agreed with the Chamberlain’s Department?	-
Report of: Colin Buttery , Director of Open Spaces	For Decision
Report author: Sally Gadsdon, Environmental Stewardship Officer	

Summary

Following your Committee’s approval, an application for £5.37M was submitted in August 2019 to the Rural Payments Agency for a Countryside Stewardship Scheme grant to support the management of Epping Forest’s most important habitats and ancient trees. Although this application was initially accepted and an offer of £5.37M made by the RPA in May 2020, following a prolonged delay in processing the application, a further review by the RPA resulted in a significantly reduced offer in September 2020. The RPA notified the City Corporation that the new offer would be for £1.27M across 10 years, but that the agreement start date would have to remain at 1st January 2020 because of Scheme rules.

Legal advice was sought from the City Solicitor to ensure that there were no other avenues to be explored before negotiations with the RPA were resumed in January 2021. Epping Forest Officers are finalising the details of the revised agreement and seeking to identify other measures to lessen the impact of this change in offer. The reduced grant offer means that the 10-year work programme has been revised to allow for the majority of its delivery by the Epping Forest Operations Team. The proposed 10-year CSS work programme to 2029, however, will be in line with the staff resource used for habitat conservation work over the previous ten years under the Higher-Level Scheme.

The revised agreement offer would realise an annual revenue income of approximately £95,000 alongside £320,000 capital funding, which would support the continuing essential management of important habitats and the favourable condition of Epping Forest SSSI/SAC. Approval is sought for this revised 10-year agreement offer and for the commitment of the in-house staffing resource to deliver the conservation work programme.

Recommendation(s)

Members are asked to:

- Authorise the Director of Open Spaces to sign the revised 10-year CSS agreement offer of approximately £1.27Million;
- Delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to agree further measures with the Rural Payments Agency that will make adjustments to the timetable, seek to maximise per hectare payments and allow flexibility in the way in which annual work is recorded and payments made.

Main Report

Background

1. Following approval by your Committee in July 2019 (see *Background Papers* report SEF 28/19), an application for a £5.37 million, 10-year grant was submitted to the government's Countryside Stewardship Scheme (CSS) in August 2019 as the first part of a two-stage application for funding to manage habitats in Epping Forest.
2. Funding was requested to support management of the most important habitats and ancient trees, to achieve and maintain favourable condition of the Forest. The application included requests to fund: wood pasture restoration; management of heathland, grassland and ponds; 2182 ancient pollards; vegetation on Loughton Camp Iron Age hill fort; removal of rhododendrons to remove the risk of the spread of Ramorum disease to the beech woodland in High Beach; continued support for the grazing project and the management of areas and trees that support the nationally rare, legally protected *Zygodon forsteri* moss.
3. The Rural Payments Agency (RPA) is the government agency that administers CSS. Under the RPA's timetable the application was due to be processed by December 2019 for the grant to start on 1st January 2020.
4. The processing of the application by the RPA was subject to a significant delay. However, a grant agreement offer of £5.37 million was made in May 2020. The RPA requested further information on how commoners are engaged with and their activities controlled on Forest land which was encapsulated in an internal agreement document. The grant offer were accepted and signed by the Director of Open Spaces, under delegated authority from your Committee (*Background papers*, report SEF 33-19), and was submitted with the internal agreement to the RPA at the end of July 2020.
5. After submission of the City's signed acceptance of the application it was then subjected to a further sign-off procedure by the RPA. In September 2020, the RPA notified the City of an issue with the payment level for the major component of the application related to ancient tree management. The RPA indicated that

although the application had been made correctly using the information in the CSS Handbook, and as advised by Natural England, there was a fault with the way in which the CSS Handbook had set out a payment rate for this work. As a result, the offer was to be withdrawn and was to be revised to a significantly reduced figure.

6. Given the long delay, the circumstances of this reduction and given that CSS procedure and prescriptions had been applied correctly throughout the application process, legal advice was sought from the City Solicitor and further information was requested from the RPA. The legal advice concluded that despite the error in the CSS Handbook there were no avenues for further significant amendments to the revised grant offer.
7. Unfortunately, requests for more information from the RPA were not forthcoming until late 2020. However, in January 2021 the Director of Open Spaces and the Epping Forest Environmental Stewardship Officer met with an External Affairs Manager from the RPA to discuss the revised offer and to seek amendments. Given the delay in starting the agreement, which would still be dated from January 2020, compensatory adjustments to the implementation timetable for the work were also discussed.

Current Position

8. A CSS grant offer for a revised 10-year work programme of £1.27 million has been made by the RPA. This comprises both annual revenue and one-off capital funding. The capital works are required to be carried out within the first two years of the 10-year grant period. Given the delay, an allowance has been made for this and these works are now to be completed by the end of Year 3 (31st December 2022). The capital funded items are to be delivered by contractors because the grant covers 100% of the costs.
9. Other annual habitat conservation works will be delivered, as with much of the previous Higher Level Stewardship operations, by staff from the Epping Forest Operations team. The annual staff commitment is in line with the average time spent on conservation activity by the Operations team. Some significant replacement of the Operation Team's machinery and equipment will be required early in the life of the project.
10. The Director and Epping Forest Officers are continuing to liaise with both Natural England and the RPA to finalise the remaining details of the revised agreement. Some small increase in payment levels for wood-pasture prescriptions is anticipated from the further adjustments to be made and the £1.27M agreement total is likely to change, but not to a significant degree over the 10-year period.

Proposals

11. Following 20 years of wood-pasture restoration work concentrated in Bury Wood and Walthamstow Forest, the 10-year Higher Level Stewardship agreement, between 2008-2018, allowed both a consolidation and expansion of the habitat conservation work in the Forest. This allowed a step-change in progress towards

favourable condition of the Site of Special Scientific Interest (SSSI) and to prevent the loss of important species of plant and insects. Over 300 hectares of wood pasture began to be restored. Therefore, it is proposed that this core habitat conservation work should continue to be delivered in these areas supported by this new Countryside Stewardship Scheme and that the offer of £1.27M grant be accepted.

12. The grant will subsidise the essential work required to manage the internationally important habitats in Epping Forest and span 16 of the 33 SSSI compartments. Work on 2,182 ancient pollards would be achieved across the 10-year period. It would also continue to provide subsidy to the grazing restoration. Other works are as described in the earlier reports (see *Background Papers* below).
13. In addition, it is proposed that during March and April 2021 the final amendments and adjustments to the revised agreement are made to ensure that the loss of one year's work during 2020 is compensated and that the time allocations for work and prescriptions are amended to lessen the impacts of the changed grant agreement offer. Negotiations with the RPA and Natural England are also proposed to be continued to agree further flexibility in the way future applications for CSS grants might be made.

Options

14. Option 1: Instruct the Director of Open Spaces to sign the amended agreement offer for a Countryside Stewardship Scheme grant for approximately £1.27 Million and to conclude the negotiations on the exact figure, seeking compensatory measures to adjust for the delayed start to works and further small amendments to habitat prescriptions to maximise the income per hectare. This would ensure an annual income of at least £95,000 for the Epping Forest Local Risk budget alongside £320,000 capital funding for a further 10 years of essential habitat management. **This option is recommended.**
15. Option 2: Reject the amended agreement offer from the RPA. This would create a loss of momentum in managing the internationally habitats in Epping Forest (with likely consequences on the favourable condition of the SSSI and SAC) and would significantly impact on the Local Risk Budget for Epping Forest. **This option is not recommended.**

Key Data

16. The original grant application approved by your Committee in July 2019 was for £5.37M for 10 years from 1st January 2020 until 31st December 2029. As a result of an internal review of the CSS Handbook by the RPA this has been revised down to approximately £1.27M. This new offer would realise a £320,000 capital grant alongside an annual income of approximately £95,000 to Epping Forest's Local Risk Budget.
17. The grant award would allow important habitat work to be financially supported across 16 SSSI units across Epping Forest.

18. The grant would support the management of around 270 hectares of nationally (SSSI) and internationally (SAC) important habitats and the pollarding of 2,182 ancient trees.

Corporate & Strategic Implications

Strategic implications

19. City of London Corporate Plan 2018-2023: (12) We have clean air, land and water and a thriving and sustainable natural environment.

20. The proposed action supports the Open Spaces Department's Vision of enriching people's lives by enhancing and providing access to ecologically diverse open spaces and outstanding heritage assets across London and beyond.

21. The proposed action meets the Open Spaces Department's objective of 'Open spaces and historic sites are thriving and accessible'. It will also contribute to the Department's performance measures of the condition of our Sites of Special Scientific Interest, active ancient tree management and income generation.

22. The grant would deliver work to contribute to the government's 25 Year Environment Plan targets.

Financial implications

23. The change in agreement offer by the RPA has resulted in a decrease in grant offer from £5.37 million to £1.27 million. Part of this is grant provides £320,000 capital funding to commission contractors over the next two years, funding this work at 100% of costs. The remainder of the 10-year grant would generate an annual revenue income of approximately £95,000 to Local Risk budgets. This is vital funding to support the cost of in-house staff required to continue essential habitat conservation work in Epping Forest SSSI/SAC.

24. The previous grant funding scheme, Higher and Entry Level Stewardship, which covered all of Epping Forest and the Buffer Lands, generated an annual revenue income of £165,000 and £90,000 of capital funding over 10 years (2008-2018). The second part of the two-stage application for CSS on Epping Forest should realise further annual income and potentially further capital funding.

Resource implications

25. The revised CSS agreement requires staff time from the Epping Forest Operations and Conservation Teams. This commitment is in line with the average staff resource spent by both teams on habitat conservation work under the previous Stewardship scheme (2008 - 2018).

Legal implications

26. Legal advice was sought from the City Solicitor to review this change in agreement offer from the RPA. The legal advice concluded that despite the error

in the CSS Handbook there were no avenues for further significant amendments to the revised grant offer and that it would have to be accepted in its revised form.

27. The original grant application was granted SSSI consent under the Wildlife and Countryside Act 1981 (as amended). The revised agreement will be re-consented by Natural England with whom discussions are ongoing.

Risk implications

28. Depending on weather conditions and equipment availability there may be a reduction in capacity for other core activities by the Epping Forest Operations Teams on items such as vegetation against properties and path works.

Equalities implications

29. None.

Climate implications

30. The management of the habitats supported by the CSS grant would increase the resilience of the Forest wood-pasture to environmental and biological changes brought about by climate change. The work complements the aims of the Climate Action Strategy of the City Corporation for both climate adaptation and biodiversity enhancement.

Security implications

31. None.

Conclusion

32. The original approved CSS application for £5.37M received an offer for this amount in May 2020 from the RPA but this has now been reduced by the RPA to £1.27M. The revised agreement offer means that the original delivery model of the annual work being undertaken by a mixture of contractors and in-house staff has had to be amended. There have been adjustments made to the selection of ancient trees to be worked and other changes in methodology of working. The work will now largely be carried out by in-house Epping Forest Operations Team staff resulting in an adjustment to the balance of their core activity work.
33. The revised agreement is close to being finalised but requires some further negotiations over the timing and other details, including some levels of payments for certain habitats, which may result in slightly higher final settlement covering a proportion of the SSSI areas. However, irrespective of any negotiated minor changes, the revised agreement offer would realise an annual revenue income of approximately £95,000 alongside £320,000 capital funding to subsidise essential habitat conservation work.

Appendices

- None

Background Papers

- Report to Committee 8th July 2019: 2019 Countryside Stewardship Grant application proposals (SEF 28-19)
- Report to Committee 9th September 2019: 2019 Countryside Stewardship Grant application final details (SEF 33-19)
- Report to Committee 9th September 2019: 2019 Countryside Stewardship Grant application final budgetary details (SEF 33-19b)

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