

Agenda Item 11

COMMISSIONERS' MEETING

Memo No 07/16

17 March 2016

ENGLAND COUNTRY REPORT, DIRECTOR ENGLAND

Countryside Stewardship

Forestry Commission England has now issued 119 Countryside Stewardship woodland creation agreements, representing 74% of the 161 current applications and 815 ha of new woodland. We have been working alongside colleagues in RPA and Natural England to issue these agreements as quickly as possible, particularly where delayed by Rural Land Registry digitisation or a need to amend any pre-existing Environmental Stewardship agreement.

Work has also been progressing in issuing Countryside Stewardship Woodland Improvement Agreements. This has been challenging but RPA, NE and FCE have been working together to fix issues as quickly as possible and to develop pragmatic workarounds when necessary. Natural England Technical Services, with technical support from FCE, have issued 73 (45%) of the 160 current woodland improvement applications with, wherever possible, the remaining agreements expected to be issued shortly.

The application window for Woodland Creation 2016 was opened on 16 February 2016, in advance of which FCE staff were fully briefed and provided with updated internal guidance. This was supported by an e-alert to potential applicants and two well-attended webinars to explain the offer and answer questions. A recording of the webinar and the slides are available on the FC website, and revised guidance, application form and the associated 'how to' guide are now on gov.uk. Whilst looking to keep a degree of stability, we have responded to feedback and made a number of improvements. These include: better processes for digitisation associated with land registration; the ability to start any amendments required if there is an existing Environmental Stewardship agreement on the land in question; a simpler scoring process and a self-calculating application form.

The application window for Woodland Improvement 2016 will open for applications on 14 March 2016.

Legacy schemes – payments

Annual claims for 2015/16 are currently being processed. This is the first year where manual claims have been required for all annual payments (excluding Farm Woodland Scheme) administered by the Forestry Commission and customers have been advised that they may not receive their payments as early as in previous years. Payments started in December and to date 61% of claims have been passed for payments, with the remainder largely held by outstanding digitisation tasks or subject to penalties. The aim is to clear the vast majority of eligible claims by the end of March.

Reshaping Forest Services

As detailed in the Reshaping Forest Services consultation response, the administrative hub in Worcester closed in January 2016. All business for NWWM is now supported by Bullers Hill in Exeter. To communicate the change, web and intranet pages have been updated, e-alerts sent to owners and agents, and staff briefed.

Forestry Innovation Fund

The Woodland Creation Planning Grant (WCPG), funded through the Forestry Innovation Fund, opened on 2 December 2015. When the window closed on 15 February 2016, eleven applications had been accepted, covering an area of 1,200 hectares. Confirmation of funding for 16/17 is awaited, but if confirmed it is hoped to re-open the WCPG early in the financial year alongside a grant scheme to support innovation in the processing sector.

Woodland Carbon Fund

Defra's Single Departmental Plan, published on 19 February, includes notification of Defra's capital allocation through the spending review. Although details are still being finalised, the following wording - "invest £100 million capital into a range of projects to support the natural environment, including schemes to remediate contaminated land, restore important peatland habitats and increase woodland planting" - indicates that funding additional to that associated with Countryside Stewardship will be available for woodland creation.

Forest Enterprise England Capital Investment Programme FY16/17

The FEE Capital Investment Programme is a strategic business initiative that supports the long term development of the estate. The programme contributes to key actions within the FEE Strategic Plan and Releasing our Potential documents, including increased financial sustainability and growing the 'Triple Bottom Line' of benefits that FEE offer.

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The capital programme for FY2016/17 was presented to, and approved by, the FEE Strategy Board in February 2016.

Some £30.4m of investments were proposed and assessed through new investment criteria. Proposals with a short payback period, high internal rate of return, good strategic fit and low risk were favoured.

The FE Capex programme for FY16/17 is £8.28m. This commits £4.5m (net) of new capital, in addition to projects carried forward from FY15/16. Activities within the programme include:

- Café development and upgrade to sewage treatment at Alice Holt.
- Capital purchase of vehicle fleet rather than leasing.
- Car park barrier systems at Dalby and Sherwood.
- Glasshouse construction at Delamere nursery.

The financial performance of the proposed Capital programme is:

- Internal Rate of Return of 4% (over 10 years).
- Net financial improvement of ~£438,000 per annum.

Forest Enterprise Recreation Income

The forecast at the end of January 2016 for 2015/16 recreation income was £17.4m, compared with £14.3m for 2014-15.

This increase is due in part to increased visitor numbers, however increasing numbers of pay on exit systems, dwell time and increased honesty rates are also having a significant affect. Another major factor is increased income received by FEE from business partners; particularly Forest Holidays, CITF and Forest Adventure. Recreation income is made up in three broadly equal parts from car parking, business partners and permissions, and events and all other activities.

Collaborative Deer Management

The Forestry Commission, working closely with Natural England, has awarded a grant to the Deer Initiative Ltd (DI Ltd) for the collaborative management of wild deer in England. The objective is to reduce the negative impacts of wild deer on woodlands. Following the review in 2014 a competitive grant competition was run in autumn 2015 to test the market. The grant specification included a focus on targeting and prioritisation, achieving more effective collaboration, developing effective resources and an emphasis on the evidence of achieving outcomes in woods. Two bids were received.

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Work is now in hand with Natural England and DI Ltd to prepare for delivery to the new specification's start in April 2016. The grant aims to achieve better outcomes for woodland in priority areas by 2020. Over this period the grant budget from Forestry Commission and Natural England together is £970,000.

Grey Squirrels

Forestry Commission England provides direct support for grey squirrel control through the woodland management options of Countryside Stewardship. We also support the Squirrel Accord by hosting the project manager in the North East Area Office and through Rebecca Isted sitting on the steering committee. As part of our commitment to the Accord, FCE is working with the National Forest on a vulnerability map to identify the areas where it is most important to take action.

There is active lobbying for greater freedom to shoot grey squirrel on the PFE, and a series of questions in the Lords have raised this matter. FEE strongly supports squirrel control, but must for public safety reasons regulate strictly the use of firearms on the estate.

FEE believes that Pine Marten are potentially the best opportunity for a sustained and long term control of grey squirrel populations. To this end they are providing significant funding to a partnership, including Gloucestershire and Vincent Wildlife Trusts, to take forward the reintroduction of Pine Marten into the Forest of Dean and are supporting further research in partnership with Aberdeen University in North District.

Expanded use of squirrel control volunteers on the estate has potential. Work in the North England FD has been directed towards training of volunteers to use cage trapping as part of efforts to sustain populations of red squirrels. Unfortunately take up has been relatively limited. There is also potential to deploy volunteers to control grey squirrels by shooting in specific locations, and under conditions where safety and public perception issues can be viably managed. Trials in the National Forest, supported by FCE and BASC, have begun to establish a framework that could be evolved for more widespread use on the PFE. During 2016 FEE plans to engage with BASC with a view to developing a protocol for the safe use of volunteers on the estate as part of their wider suite of controls.

Winter Storms

A succession of severe winter storms in recent months has caused problems for all Forest Districts (FDs), in particular North, West and Central FDs.

High winds have repeatedly forced the closure of visitor centres and Christmas tree retail sites for safety reasons. The three major centres in Central FD have suffered largest

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impact to sales and early estimate suggests overall FEE retail sites have sold nearly 4000 fewer Christmas trees, with a corresponding reduction of net income of somewhere in the region of £100k.

In addition to the expected overwinter windblow, there have been some specific incidents of concern. West FD had three significant events concerning windblow of large trees – two affecting busy public highways and another taking down powerlines. District staff worked effectively in close co-operation with Police, Highways Authority and utility companies to quickly and safely manage the situations.

Water damage has also affected many locations, with significant damage in North FD around Whinlatter forest where approximately £40k of washout damage to two large culverts and an important access road was sustained. Major flooding in the Lake District restricted access to the visitor centres and Christmas tree sales were therefore reduced. District staff have also been advising other Defra agencies on forestry based clear up works and have introduced appropriately trained and certificated contractors to Defra colleagues where appropriate.

There have been several incidents of flood damage to forest roads in West FD, mainly washouts but also culvert failure and subsidence, and these repairs will cost civil engineers well in excess of £50k. There are also numerous smaller scale incidents affecting trails, operational sites and other locations, including protection of neighbouring property.

Following the period of flooding, Minister Rory Stewart thanked FCE staff for their hard work supporting Defra colleagues in dealing with the consequences. He mentioned in particular those “working through the night making unbelievably difficult decisions in split-seconds on barriers – to those still supporting recovery, there has been remarkable dedication”.