

20 September 2017

NAO NEW FOREST VERDERERS HLS**Purpose**

1. To update the Committee on the NAO investigation into the New Forest Verderers Higher Level Stewardship (HLS) scheme, which has now concluded, and the actions taken.

Background

2. The ARAC was informed in November 2016 that the NAO were investigating a complaint from Desmond Swayne MP about the New Forest Verderers HLS. The two areas to be examined were:
 - Whether the arrangement gives rise to any issues of dual funding given the Forestry Commission's existing statutory obligations for which it already receives government funding; and
 - The procedures in place to ensure that work performed under the HLS scheme is appropriately controlled and monitored.
3. The scope of the investigation was widened as a result of a number of complaints from members of the public and Burley Parish Council. We have not seen the details of these complaints but as well as increasing the scope of the investigation the additional issues also increased time taken to complete the work. The main additional area of investigation was:
 - Whether the New Forest Verderers are eligible to lead this HLS Scheme.
4. The ARAC was updated in March 2017 and ENC in April 2017. The Forestry Commission provided information to the NAO on a number of occasions and NAO officials spent some time in the New Forest reviewing our work. Natural England also provided a considerable amount of information to the NAO because it has primary responsibility for the administration of all HLS schemes.
5. The NAO set out the scope and outcome of its investigation in a letter to Desmond Swayne MP on 31 July 2017. This was immediately challenged by Professor John Shepherd, a member of the public who had been providing information to Desmond Swayne MP and who has been active with the 'friends of Latchmore'. The NAO responded to Professor Shepherd on 4 September 2017, drawing the issue to a close.

NAO Conclusions

6. A copy of the letter to Desmond Swayne MP is attached at Annex A. The exchange with Professor Shepherd is attached at Annex B1 and B2. The main conclusions were that:

- The activities taking place under the partnership agreement (to deliver the Verderers HLS) do not form part of the Forestry Commission's statutory duties for which it is already funded. The NAO response states that (HLS) "funds may contribute to additionality, or enhanced delivery of services/access." This means that there is no issue of dual funding because the money voted by Parliament for the Forestry Commission was not intended to fund the wetland restoration works.
 - The NAO was satisfied that suitable processes were in place to ensure inspections of the work were independent of the partnership participants and suitably qualified and that there was no evidence that the work has failed to meet the standards expected of the Scheme. However, recommendations were made in this area, which are considered below.
 - The NAO was not able to form a view on eligibility (of the Verderers) but did review the process of approval. The conclusion was that bodies such as the Verderers were eligible for HLS and that Natural England's judgment, that the Verderers had the necessary management control, was acceptable.
7. Two recommendations (to the Forestry Commission) were made in the response to Desmond Swayne MP, these are that:
- The Forestry Commission "need to improve local communications on planned schemes, their impact and the remediation of sites with the community"; and
 - It is important that scheme benefits are measured and evaluated against baselines to inform the design of future projects and that sufficient attention is given to post-project evaluations to assess value for money.
8. Professor Shepherd questioned some of the NAO conclusions and in response to this the NAO explained that it would bring certain issues to the attention of the Forestry Commission, these being:
- The adequacy of the monitoring and evaluation of the work being undertaken and the need for continued improvements in this area; and
 - The public announcements made by the Forestry Commission in regard to the statutory requirement to undertake the restoration work.

Actions

9. The Forestry Commission has already taken steps to improve the monitoring of the outcomes with the appointment of a dedicated Monitoring Officer, more details of this position are given in the HLS Partnership news release at Annex C. In addition appropriate review measures of the monitoring will be discussed and agreed with GIAA. It should be noted that more extensive monitoring work may lead to increased pressure on core funding to deliver work beyond the current HLS scheme.

10. We have gone to great lengths to explain our plans to those willing to listen and the local team are now reviewing the processes of engagement in light of reaction to previous engagement. We are continuing to improve communications and rebuild relations with the local communities. Burley Parish Council (a contributor to the complaint to the NAO) failed to have its complaint about the Forestry Commission's handling of its Freedom of Information requests upheld by the Information Commissioner. Nevertheless, it has latched on to the NAO comment on improved communications and this is being addressed locally. The review of the engagement processes is likely to lead to a more intensive process and a slowing of pace of delivery.
11. We are reassessing how we present the requirement to undertake the wetland and other SSSI restoration work, both locally and nationally. NAO recognised that this was not a statutory duty under the direct funding voted by parliament. However, this is not the full picture; we do have an obligation to carry out work to restore SSSIs under our statutory duties when we have the opportunity to secure additional funding to do so. The Verderers HLS is one of the best examples of achieving this.

Recommendations

12. The Committee are invited to:

- Note the outcome of the NAO investigation and the actions that are being taken; and
- Acknowledge the huge effort made by local staff to manage a very bruising process, which continues to have repercussions with a challenging engagement and monitoring process to be maintained.

Richard Barker
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