

## 9. DEFRA NATURE FOR CLIMATE FUND PROJECT (CD)

### 1. Purpose of the report

This report puts before Committee the proposal to extend vital peatland restoration works in the Dark Peak and South Pennines working through a grant from the Nature for Climate Fund (N4C), Peatland Capital Grant. This will be delivered through the Moors for the Future Partnership between 2021 -2025.

This report seeks to build on the previous authority granted to work with the AMP7 (Asset management Period 7) programme across 3 Utility companies. The AMP7 funds will provide significant match required by any N4C fund grant. This engagement with the N4C fund is part of the business development previously put before committee considering the Moors for the Future Partnership Operational and Business plans earlier this year.

### 2. Background Information

Approval was granted by RMM in consultation with the Chair of this committee, to make application to the N4C fund starting with an initial Discovery grant, which has been submitted (via the Defra eTendering portal). ) for £935,000. This Discovery grant will fund planning works for sites which will then be put forward for a Restoration grant bid in April 2022. A further Discovery Grant may also be applied for in 2022 and a further Restoration Grant in 2023.

Further information concerning the Nature for Climate Fund Peatland Capital Grant Scheme is as follows.

- Government have committed £640 million over five years for a programme of tree planting and peatland restoration
- Defra have set up a competitive grant scheme which will be managed by Natural England, providing funds for vital peatland restoration work over the next 4 years
- Building on lessons learned and feedback from previous peat capital grant schemes
- Will be part of a package of measures to protect England's landscapes and deliver nature based solutions
- Looking to fund Partnership projects covering large landscape scale peatland restoration in lowlands and uplands
- Multi-year projects may be funded where appropriate
- **Discovery Grants** – to support the engagement of new partnerships and the development of restoration grant applications in the next round
- **Restoration Grants** – for delivery partnerships to carry out restoration work
- Looking to maximise the use of new sources of finance in delivering peat restoration
- Credible plans for securing this additional funding would be required and judged at the bidding stage
- Any match funding would be expected to be secured during the lifetime of the project

**Discovery Grant** – The requirement for restoration grant application is for sites to be completely prepared to contract readiness state before application. We currently have no sites to that degree of preparation so require Discovery Grant funding in order to prepare restoration grant applications.

**Restoration Grant** – The Moors for the Future Partnership would want to apply for restoration grant funding to continue the Partnerships significant challenge to secure the recovery of the most degraded blanket bog landscape in Europe. This would include sites, which are in the most degraded condition, and previous worked sites, which will decline if the restoration work is not concluded.

Based on spend to achieve the present momentum (for which this grant will be the future foundation) we will aim to bid for **£4 million to £8 million** across these two grant streams

(Discovery then Restoration) with the bid to the restoration theme being the larger one.

The bidding process has been greeted across the partnership with a huge amount of enthusiasm and site submissions which in time, we hope, will make for excellent Restoration Grants and will maintain our collective trajectory of improving conservation benefits.

There are now 63 sites and over 30 partners in play and these will be compartmentalised into circa 18 catchments, as they meet this fit fairly easily in the most part. This will demonstrate the necessary landscape scale approach to our thinking, in our bid, and create the required landscape wide story of our continuing restoration aspirations together. If the present bid is accepted and this then follows through to delivery, the present estimate is that restoration work will be undertaken, in priority areas, within a total area of 36,000 ha on this project.

See Annex 1: MFFP Nature for Climate Fund Discovery Bid Map for site locations which were included within the Discovery bid.

### **3. Key Issues**

An initial Discovery Grant has been submitted and if successful, a grant award will be made on the 8<sup>th</sup> November 2021 with a requirement to accept this within 10 days. Approval by committee today will be required in order to accept this in accordance with Standing Orders 7.C-2.

The cost model for the Discovery work will be high due to the complicated nature of the sites in the Moors for the Future working area. The team are presently streamlining the planned work and ensuring we are proportionate to the amount of work that can be achieved in 18 months. It will also be proportionate to the ultimate amount of capital we judge to be sensible taking into account our previous experience. The £8m ceiling being requested takes account of this planning work, and also the number of likely staff posts that will be required to deliver it all. There is some concern that our overall cost will be uncompetitive as compared to smaller bids (<2500 ha) as the commercial element of the application does not fully encompass the potential for very large scale work, the scale MFFP typically work, and are now planning. The shortcomings of the commercial questionnaire in this regard have been highlighted to Defra who have acknowledged this as a potential unintended consequence of their chosen tender set up. They have confirmed that the scale of application MFFP are looking at is desirable, and they have referred the commercial questionnaire back to the commercial team at Defra for revision to ensure that no perverse scoring implications result when comparing project costs at very different scales (small – large). We have been assured of a fair process. We will use the application document to fully outline the advantages of the scale of our proposals for the landscape and value for money, these demonstrate as part of our justifications for our proposals.

### **Recommendations**

- 1. That the Programme and Resources committee supports the application to the Nature for Climate Fund Peatland Capital Grant scheme for a Discovery grant and supports further applications up to a ceiling of £8m of funding for the project to operate to the end of the 2025 – 2026 financial year.**
- 2. Specifically:**
  - **Approval of acceptance of up to £935,000 from the Nature for Climate Fund in respect of the initial Discovery grant bid with acceptance of the grant offer delegated to the Head of Moors for the Future Partnership in consultation with Head of Law and Chief Finance Officer;**
  - **Support of further Discovery and Restoration bids to the Nature for**

**Climate Fund and acceptance of funding from the fund and match funding (if successful) up to a ceiling of £8 million (including the initial Discovery grant bid) to operate further projects within the scheme to the end of financial year 2025/26 (i.e. 31 March 2026);**

- **Acceptance of Discovery and Restoration grant offers from the Nature for Climate Fund from Defra delegated to the Head of Moors for the Future Partnership in consultation with the Head of Law and Chief Finance Officer;**
- **Acceptance of new partnering agreements to deliver the projects within the fund delegated to the Head of Moors for the Future Partnership in consultation with the Head of Law and Chief Finance Officer;**
- **The Authority may, subject to compliance with its procurement standing orders, enter into contracts in order to spend funds and deliver the required outcomes of the grant agreements.**

#### **How does this contribute to our policies and legal obligations?**

4. As outlined in previous reports put before this committee considering the Operations and Business planning of the Partnership, including the AMP7 project brought before Authority at its previous meeting. (minute 16/20). This work funded through the Nature for Climate Fund is fully integrated within the MFFP 21/22 Operational and the MFFP 2021-22 interim Business Plan and is relevant to the Peak District National Park Management Plan Vision and covers many aspects which will support the delivery aims of the National Park Management Plan 2018-23 - specifically:

Special quality 1: Beautiful views created by contrasting landscapes and dramatic geology

Special quality 2: Internationally important and locally distinctive wildlife and habitats

Special quality 3: Undeveloped places of tranquillity and dark night skies within reach of millions

Special quality 4: Landscapes that tell a story of thousands of years of people, farming and industry

Special quality 6: An inspiring space for escape, adventure, discovery and quiet reflection

Special quality 7: Vital benefits for millions of people that flow beyond the landscape boundary

5. Areas of impact:
- 1: Preparing for a future climate
  - 2: Ensuring a future for farming and land management
  - 3: Managing landscape conservation on a big scale
  - 4: A National Park for everyone
  - 5: Encouraging enjoyment with understanding
  - 6: Supporting thriving and sustainable communities and economy
6. In addition the Nature for Climate grant funding will support and contribute significantly to the National Park's Corporate Strategy 2019-24 by contributing towards key outcomes including: A Sustainable Landscape that is conserved and enhanced (specifically KPI 3 & 4), A National Park loved and supported by diverse audiences, and Thriving and sustainable communities that are part of this special place.
7. The proposed engagement with many partners will also contribute significantly to the

outcomes of other partner organisations within MFFP.

8. It will add continuity to the Moors for the Future Partnership programme and will retain skilled and valuable staff who are key to achieving nature recovery across this degraded landscape.

### **Programme Management**

9. MFFP Programme team continually review forward delivery capacity in terms of restoration, and it is important to highlight, that we will be looking to attract as much funding into our programme as is possible within our programme capacity, but that this capacity is not unlimited and neither is the capacity of contractors or materials supply. Incoming funds must dovetail by design with our existing and pending commitments. Our present review of likely available capacity from 2022 - 2025 is circa an additional £7m. We are clearly asking for a higher ceiling of spending as our experience shows that there is a high likelihood of change as the programme develops and funders underspend and offer further funding.
10. The 2021/22 financial year will be the final delivery year of a number of projects, including our flagship MoorLIFE 2020 project which will conclude in February 2022. MFFP along with RMM are tracking delivery across the MFFP Programme for 2021/22 and beyond, tracking secured and developmental projects until 2025/26. Currently the MFFP Programme forecasts it will deliver, in 2021/22, £4.4 million worth of work, rising to £5.6 if all development opportunities (including Nature for Climate Fund) are secured. Although there are a number of projects which coming to an end this financial year, projects such as Moor Water which works with our Water Company Partners in the delivery of their AMP7 programme has a degree of flexibility as their delivery period runs until 2024/25. Going forward into 2022/23 the Discovery Grant and subsequent Restoration (capital delivery) Grants would form an important cornerstone to the partnership and its restoration work.
11. MFFP have specifically assessed the staff resourcing implications of delivering this amount of work, identifying where Discovery work can be dovetailed with our ongoing programme for costs and time efficiency in delivery. A considerable amount of planning for this work has been undertaken during the bidding stage in order to ensure that scope is well defined and targets for the first phase of delivery (November 2021 – April 22) and second phase (April 22 – March 23) are set. We judge the work for phase one to be ambitious but achievable, we not only have a dedicated staff team but also a number of partner organisations who stand ready to help us achieve this, and will bring in external assistance to ensure that targets are met, if so required. We recognise that the scale of our proposal to Defra and Natural England is ambitious, but we are under no illusion that not all sites or activities will be accepted and therefore the scope and value of our project reduced. The core MFFP Programme Team will provide overall project leadership and support for the delivery of the project. The structure of the grant allows for staff to be paid for planning work leading into the Restoration grant bids, so staff capacity beyond agreement on the first Discovery grant will not be a problem.
12. In line with the MFFP 2021/22 Operational Plan, this project will be closely linked to the AMP7 project which will provide the main source of match funding. It will also bring further contribution to core funding for the MFFP Programme team, for the Discovery Grant this is estimated to be worth £88,355 over the life of the project. This is in line with our forward strategy to generate a higher proportion of core funding from project sources as part of the solution to addressing the MFFP core funding deficit. To achieve this MFFP are therefore exploring additional projects with partners, and responding to calls for potential work and proactively seeking financial resources with current and future partners, including maximising match funding opportunities as is being done here

between the AMP7 project and Nature for Climate bidding work.

### **Proposals and timescales**

13. Following a successful delivery of the former Peatland Restoration Fund project, Moor Carbon, approved by committee in 2018 (minute 9/18) and funded by Defra in a similar format to the Nature For Climate Peatland Capital Grant scheme. We are now seeking approval to accept funding from the Nature for Climate Fund from October 2021 to the end of the 2025/26 financial year. This will come in the form of both Discovery grants and Restoration grants.

### **Timescales of activity**

- Programmes and Resources Report published 23 September
- Programme and Resources Committee 1<sup>st</sup> October
- Discovery Grant Award 8<sup>th</sup> November (with a 10 day acceptance deadline. We will therefore need to have approval at P&R on the 1<sup>st</sup> in order to be able to accept any grant offer.)
- Delivery of planning work through the Discovery Grant over winter 2021/22
- Application for a further Discovery Grant in April 2022 to pick up further sites which were finalised after the first Discovery grant bid.

The scale of these Discovery grants will probably be the biggest in the country, up to £1.5m to cover two separate grants (£930k application now bidding and possibly between £250k and £500k in a 2022 bid). These are obviously large amounts for planning works (staff time) so we need to be mindful of how ambitious we are being at a partnership level. In considering 60 sites+ for submission, we are operating with ambition and accept there is a risk to all partners that the scale of this bid may mean we end up being turned down. We are not in favour of de-scoping the ambition at this stage, but prefer to look to a full pipeline of projects as we continually develop. This is simply part of that ongoing approach to restoring the landscape. We are hopeful that our bid will demonstrate ambition and show that although ambitious MFFP are well placed to deliver the work.

- Application for a Restoration grant based on the previous Discovery grant in April 2022
- Delivery of the first Restoration grant works From October 2022 to 2025/26
- Application for a second Restoration Grant in April 2023 following the further Discovery grant planning work
- Delivery of the second Restoration grant works from October 2023 to 2025/26

The above activity depends of course on successful grant bids.

14. We will be prioritising sites in order of phase one sites, mainly those with AMP7 match and a higher degree of readiness being prepared for a restoration bid submitted in April 2022. Then Phase 2 sites being prepared during the later phase of the Discovery grants for an April 2023 Restoration bid.

There will be, amongst all these sites a number which don't make it into a Restoration Grant, or those which do but are rejected by NE. This should still be looked at as a positive step forward as it will leave a number of prepared sites immediately available for delivery. As we know from the past few years this is always useful to have as late resources come available and need immediate plans at the ready.

15. Are there any corporate implications members should be concerned about?

**Financial:**

Financial breakdown for the Nature for Climate Fund Discovery Grant as submitted to Defra is outlined below, detailing split by pay and non-pay by financial year:

<b>N4CF Discovery Grant Expenditure / FY based (as submitted 31/08/21)</b>	<b>2021/22</b>	<b>2022/23</b>	<b>TOTAL ALL FY</b>
<b>Pay (of which)</b>			
<i>MFFP Pay (Contract staff)</i>	196,449	349,747	<b>546,196</b>
<i>MFFP Pay (Core staff)</i>	31,779	56,577	<b>88,355</b>
<i>Corp O/H</i>	46,223	82,293	<b>128,517</b>
<b>Sub-Total</b>	<b>274,451</b>	<b>488,617</b>	<b>763,069</b>
<b>Non-pay (of which)</b>			
Clothing, Training & IT equipment	14,445	25,717	<b>40,162</b>
Travel & Historic Environment Assessment fees	52,124	80,091	<b>132,215</b>
<b>Sub-Total</b>	<b>66,569</b>	<b>105,808</b>	<b>172,377</b>
<b>TOTAL</b>	<b>341,020</b>	<b>594,425</b>	<b>935,445</b>

16. No additional resources will be required from the Authority and the services provided to the partnership by the Authority in delivering this project will be paid for through the corporate overheads on the staff employed.
17. Prior to gaining delegated authority, the project cost models will be baselined and spending and income forecast. This information will be provided to PDNPA officers with delegated authority to accept new projects in tandem with MFFP recommendations. This will also feed into the metrics of the Programme Tracker which is presented to each of the officers Resource Management Meetings.
18. All phases of the grant are expected to provide project funding income to support core MFFP activities over the 2021-25/26 period. This is in line with the intention set out in the 2021/22 Operational Plan for projects to generate additional funds to support core MFFP programme activities. It is anticipated that if successful, the Discovery Grant will provide £88,355 towards Core costs in 21/22-22/23.
19. The Partnership has a history of sound financial management, income control (including draw down of funding and claims) is of great importance and overseen by the Programme Office Manager. Regular updates are held with the Chief Finance Officer with monitoring of cash flow to ensure the 'books' are balanced.

**Risk Management:**

20. Within the Project Team and Programme Team are an array of skills and experience to match large commercial providers. Prince 2 project management and in house project tool kit provision with Project Managers experienced now in large scale complex delivery. Added to this IOSH and CDM qualified staff and contract and grant management skills. Backed up through the high degree of diligence which the Authorities Standing Orders provide. All this gives a deal of risk reduction and confidence.

21. The proposals are an integral part of the 2021/22 Operational Plan and MFFP 2021/22 Interim Business Plan, as such the Project Management risks once in delivery will be adequately managed as part of MFFP's programme risk management activities.
22. Risks, Issues and Dependencies of the programme of projects are monitored weekly and reviewed quarterly alongside the Programme Progress Log.
23. Our health & safety log is reviewed weekly.
24. Annex 2 provides an updated risk log to reflect the proposed increased value in the project risks being managed through the developmental stages of this project, and the high level delivery risks that are anticipated at this stage.
25. Project Managers update their project logs weekly and report via the weekly programme status update meetings with in-depth updates held monthly.
26. We produce a Programme Progress Log four times a year which identifies approvals and financial values of projects - with issues identified through a Red/Amber/Green assessment - and includes brief summaries of progress highlights. Income and Expenditure of projects and programme team are also monitored by the Partnership's Strategic Management Group at its quarterly meetings.

**Sustainability:**

27. From a business sustainability perspective, this proposal fits within the context of the Moors for the Future Partnership interim Business Plan 2021/22. Undertaking additional projects for our partners, building on work which is already being done, is a key part of our business model and has allowed immense improvements to the landscape and conservation of the Dark Peak and beyond. Creating synergies between projects is a key component of the sustainability of the Moors for the Future programme.
28. Capacity requirements to maintain business sustainability impacts on the Partnership in two forms. These can loosely be described as pre and post-contractual commitment. This report is careful to confirm that the capacity is fully considered and planned for in order to execute the contractual commitment, which will arise if the bids here being made are successful. The first priority of the staff team is to ensure that this is always the case. All projects are planned and then monitored to ensure full cost recovery can be achieved. The staff establishment is increased and decreased to achieve this and resource is built in at project inception for this purpose, as is the case laid out in this report for this particular project.
29. The sustainability of pre-contractual business development work is becoming more difficult to achieve. This is because of reducing core contributions across the partnership, this funds the Programme Team, responsible for making business development happen. We estimate based on time spent on this bid so far and planned throughout the rest of this month, that this bidding activity will have cost MFFP in excess of £35k staff costs, undertaking this activity in the margins of delivering on our existing commitments on behalf of the partnership. The team is also working long hours and postponing booked holiday time to capture this opportunity for the partnership. Moving forward it is not sustainable to carry out business development in this way. The Head of MFFP will be speaking to our partners through the Strategic Management Board over the coming months to better support business development and other work, which does not fit within a specific funded project.

**Equality:**

30. There are no equality issues arising from this report.

**31. Background papers (not previously published)**

None

**32. Appendices**

Annex 1: MFFP Nature for Climate Fund Discovery Fund Bid Map

Annex 2: MFFP Nature for Climate Fund Risk Log

**Report Author, Job Title and Publication Date**

Chris Dean – Head of Moors for the Future Partnership, 23<sup>rd</sup> September 2021