

# **Memorandum Of Understanding**

Between

**Rural Payments Agency**

**Natural England**

**Forestry Commission**

## **Introduction**

1. This Memorandum of Understanding (MoU) is between the Rural Payments Agency (RPA), Natural England (NE) and the Forestry Commission (FC) and covers the period from 1<sup>st</sup> October 2018 onwards.
2. These organisations commit to working in partnership on the successful delivery of the Countryside Stewardship (CS) scheme and (RPA and NE only) the Environmental Stewardship (ES) scheme.
3. This MOU sets out the scope of the partnership, the principles it will work to and describes the overall set of roles and processes. The MoU focusses on CS and ES scheme delivery matters and does not cover those wider advice, policy, and monitoring responsibilities carried out by NE and FC.
4. This MoU should be read in conjunction with the following governance and other documents:
  - Detailed RDPE governance arrangements
  - Division Of Responsibilities – the detailed breakdown of responsibilities for the various elements of CS and ES scheme delivery
  - Operating Codes providing detailed statements of responsibilities, interactions, hand-offs and support between RPA, NE and FC
  - Scheme Process Flow Documentation – the agreed workflows and end-to-end processes.

RPA as paying agency also delegates RDPE scheme delivery responsibilities other than CS and ES to NE and FC through separate delegated authority agreements.

## **Policy Context**

CS and its predecessor ES are land management schemes. They form part of Pillar II (rural development) of the Common Agricultural Policy (CAP), the agricultural policy of the European Union. The schemes are co-funded by the Exchequer and the European Agricultural Fund for Rural Development.

The schemes provide funding for farmers, woodland owners, foresters and land managers to make environmental improvements through activities such as: conserving and restoring wildlife habitats, managing flood risk, creating and managing woodland, reducing water pollution from agriculture, encouraging educational access, preserving features important to the history of the rural landscape and maintaining the character of the countryside.

Successful applicants receive an agreement that lasts for either 2, 5, 10 or 20 years, depending on the specific scheme applied for and its complexity.

Typically agreement holders receive funding for each year of their agreement, providing they continue to meet the scheme's requirements, but some schemes also provide one off payments for specific capital options.

Environmental Stewardship was launched in 2005 and closed to new applicants in 2014. The final payments are scheduled to be made in 2025. Countryside Stewardship opened for applications in 2015.

The schemes are delivered together by NE, FC and RPA, on behalf of Defra, the Managing Authority. Beneficiaries enter into agreements with RPA, which is the designated paying agency and has overall responsibility and accountability for scheme delivery.

## **Detailed Scope**

Annex A shows the list of schemes covered by this MoU and also refers to those other RDPE schemes not covered by this MoU. The latter schemes remain delegated by RPA as paying agency to NE and FC and are covered by separate Delegated Authority Agreements.

## **The Partners**

### **The Rural Payments Agency (RPA)**

RPA is the paying agency for the EU's Common Agricultural Policy (CAP) schemes in England, RPA makes payments to farmers, traders, land owners and other rural businesses. RPA manages over 40 schemes to help ensure we have a healthy rural economy and strong rural communities. RPA is an executive agency, sponsored by the Department for Environment, Food & Rural Affairs.

### **Natural England (NE)**

NE is a statutory adviser to government on the natural environment in England, helping to protect England's nature and landscapes for people to enjoy and for the services they provide. Natural England is a non-departmental public body, sponsored by the Department for Environment, Food & Rural Affairs. NE has a range of statutory duties to discharge for the improvement of the natural environment, including the designation and management of protected sites across England and wider duties for monitoring the health of the natural environment.

### **Forestry Commission (FC)**

The FC is the government department responsible for protecting, expanding and promoting the sustainable management of woodlands, and increasing their

value to society and the environment. The FC is a non-ministerial department, supported by two agencies, Forestry England and Forest Research.

## **Principles and working relationship**

RPA, NE and FC will seek to build on the good working relationship that already exists by:

- Having a shared commitment to achieving environmental outcomes;
- Having a shared commitment to excellent customer service and customer communication;
- Having a shared commitment to improving the schemes for efficiency, customers and outcomes through collaborative planning, prioritisation, and business case development;
- Being open and constructive and working together at all levels;
- Highlighting areas of interaction, setting out what each expects of the other, and minimising duplication of activity;
- Having a 'no surprises' policy, based on notifying each other well in advance of any issues. This will be achieved through regular and meaningful discussions on relevant issues. An open and inclusive environment and the involvement and buy in of all parties in the early stages of development is vital.
- Facilitating good communication between all relevant RPA, NE and FC teams. This will include sharing delivery information and working together to ensure impacts on each other and dependencies for services are discussed and understood, and ensuring that all operational and central teams in the three organisations are appropriately briefed on the agreed roles and business processes and on changes to them.

## **High-level Scheme Delivery Roles**

All three partners recognise a collective responsibility for the delivery of the outcomes that these schemes were established to secure. Accountability and responsibility for delivery of CS and ES ultimately lies with the RPA but some scheme delivery functions are divided between RPA, NE and FC.

In broad terms, RPA is responsible for oversight and control of the scheme and its agreements and claims management including payments and NE and FC are responsible for technical input. Hence on specific agreements, the general approach will be that Natural England and Forestry Commission will provide advice and recommendations but RPA will be the final decision-maker based on criteria laid down in scheme rules.

In further detail, this will mean that:

RPA is accountable for:

- Assessing applications, payment claims and supporting documents provided by the applicant or the other parties to an agreement to determine whether or not the applicant is eligible for an agreement, meets the selection criteria for an agreement, and should be paid under an agreement
- Compliance inspections
- Internal processing guidance and supporting documentation
- External scheme guidance, forms, and other documentation
- Rural Payments System services including customer registration, land registration and mapping, Siti-Agri agreement and claim processing, and data warehouse reporting
- Specification and maintenance of supporting IT systems, in partnership with Defra Data and Technology Services
- Customer communications and national stakeholder management
- In-year budget management
- Compliance with EU and scheme requirements
- Liaising with NE and FC to ensure their input to, and support of, these responsibilities

Natural England is accountable for:

- Providing RPA with advice on the types of outcomes arising from the schemes in the scope of this agreement
- Providing local and technical information and advice and recommendations to RPA to support decision-making
- Liaison with FC (and vice versa) on technical issues relating to mixed applications/agreements.
- Carrying out its statutory functions, including Habitats Regulation Assessments and consents for Sites of Special Scientific interest, and providing the RPA with any information that may be relevant for the RPA to assess an applicant's eligibility or compliance with selection criteria or agreement obligations
- Liaison with Defra, FC and RPA to design the programme of work required under scheme rules to evaluate the environmental outcomes secured by the ES and CS schemes
- Delivery of the above monitoring and evaluation programme of work and publishing the results

Forestry Commission is accountable for:

- Providing RPA with advice on the types of outcomes arising from the CS scheme
- Providing local and technical information and advice and recommendations to RPA to support decision-making on applications (and in particular scoring and selection of woodland creation and improvement applications), agreements, amendments and claims.
- Liaison with NE (and vice versa) on technical issues relating to mixed applications/agreements

- Carrying out its statutory functions including woodland management plans, Environmental Impact Assessment consent, felling approval and assessment of UK Forestry Standard, and providing the RPA with any information that may be relevant for the RPA to assess an applicant's ability or compliance with selection criteria or agreement obligations
- Designing and delivering the programme of work to evaluate the woodland outcomes secured by ongoing delivery of the schemes

The target operating model is attached at Annex B.

## **Overview of key process**

### a) Scheme Design

Overall scheme design is the responsibility of Defra, advised by the three partners to this MoU.

### b) Scheme Documentation

The agreed high level scheme design will be articulated through guidance to inform customers and staff how to operate the scheme effectively and efficiently. RPA is responsible for scheme documentation with the support and input of NE and FC.

### c) Annual Planning

RPA, NE and the FC will work together within the annual Defra Group Business Planning process to agree the relevant Defra-level key performance indicators that can be delivered each year, along with expected contributions to environmental targets.

Aims and objectives, including agreed funding, outcomes, performance expectations and volumes, will be discussed and mutually agreed at the start of the year and will be regularly reviewed throughout the year through the appropriate governance (see Annex C).

### d) Budgeting

As an output of the annual business planning process, each organisation will collaboratively consider:

- Allocation of Defra Group grant budgets
- Consequent scale of resources in each organisation supporting this area of work
- The nature of the funding for these resources (e.g. currently Technical Assistance Funding or Grant In Aid for NE)
- Business case development to support delivery

Shared and individual performance targets between RPA, NE and FC will be the subject of future review of this MoU (see section e below).

e) Delivery Management

The partners will support the various governance structures established by Defra to oversee in-year and longer term delivery. This will include:

- The review of regular and timely management information on progress with scheme delivery
- Regular meetings between the partners to discuss objectives and issues arising from each other's roles
- More periodic in-year review meetings to review trends in performance and to plan future work
- Swift escalation routes through which wider policy and operational conflicts can be flagged and resolved

f) Ongoing training and development

We will agree a shared programme of training and development to underpin the continued delivery of the in-scope schemes.

g) Customer and stakeholder engagement

All parties will contribute to developing and implementing an agreed Defra group communications strategy supporting the schemes covered by the MoU.

h) Risk Management

Within year, the organisations will work together within the framework provided by the Defra Group Risk Management process on identifying, escalating and managing the various risks related to scheme delivery and to the outcomes required.

i) Regulatory compliance and reporting

These schemes need to be delivered with regard to regularity and compliance to the relevant legal / policy frameworks including compliance with the European scheme rules and relevant areas of UK legislation (for example on the management of personal information and more broadly on data sharing between the three partners). Where necessary specific accountabilities regarding personal data will be captured in relevant data management agreements, as advised by Defra.

## **Key Inter-dependencies**

The next level of detail on the in-year processes necessary for the successful delivery of the schemes is currently under review and will only be finalised as the scheme year cycle is completed. This section will be updated in subsequent revisions.

Important hand-offs already recognised include:

- Notice of new eligible applications (from RPA to NE and/or FC) to enable applications to receive technical assessment
- The provision of necessary technical assessment (from NE and FC to RPA) to the development of scheme guidance and to enable the efficient and fit for purpose processing and approval of applications, agreements, amendments and claims by RPA
- The provision of up to date scheme guidance to enable NE and FC field staff to understand what the schemes can provide and to advise locally on how they are best used in securing the desired outcomes
- The provision of data and management information to enable all three partners to manage scheme performance, measure budgets, and scheme outcomes, and to consider implications for future scheme design and delivery.

Partners will agree and share scheme documentation, including information and data exchange needed to operate and where hand-offs are required.

### **Review of MOU**

This document may be amended at any time by written agreement of all parties. In addition, this MOU will be reviewed on an annual basis and updated as necessary, in light of experience of its operation in practice. The first such review will take place at the start of September 2019 in advance of detailed planning for work in 2020-21.

### **Resolution of issues**

Where an issue arises on any aspect of the service provided, parties should use the appropriate governance route to resolve the issue. Where the issue cannot be resolved to the satisfaction of all parties, the issue will be escalated to be considered jointly by the nominated MOU owners/contacts below.

### **Nominated Owners/Contacts**

All parties will nominate an owner and lead contact for this MOU. These lead contacts will work together in capturing potential developments to the MoU and in developing updated versions for approval through the relevant governance processes at Defra Group and organisational levels. Lead contacts will meet



regularly to review MoU issues including the functioning of the MoU and matters escalated.

**SIGNED:**

RPA Signature: [REDACTED]

Date: 18/6/19

Name: [REDACTED]

Status: Chief Executive

NE Signature: [REDACTED]

Date: 20-6-19

Name: [REDACTED]

Status: Interim Chief Executive

FC Signature: [REDACTED]

Date: 28/6/19

Name: [REDACTED]

Status: Director of Forest Services, Forestry Commission

Annex A – Schemes Covered By This MoU

Annex B – Target Operating Model

Annex C – RDPE Governance

## **Annex A – Schemes covered by this MOU**

Source: Explanatory Memorandum to Statutory Instrument 2018 No. 964

### **Environmental Stewardship**

- Entry Level Stewardship;
- Higher Level Stewardship;
- Organic Entry Level Stewardship;
- Entry Level Plus Higher Level Stewardship;
- Organic Entry Level Plus Higher Level Stewardship.

### **Countryside Stewardship**

- Mid Tier Stewardship;
- Higher Tier Stewardship - agri environment;
- Higher Tier Stewardship - woodland, including Woodland Improvement and Woodland Creation Maintenance;
- Hedgerow and Boundaries Grant;
- Historic Buildings Restoration Grant;
- Water Capital Grant;
- Woodland Creation Grant;
- Woodland Tree Health Grant;
- Woodland Management Plan Grant;
- Implementation Plans and Feasibility Studies;
- Facilitation Fund.

Other RDPE schemes delivered by NE and FC under delegation from RPA are set out in the delegated authority agreements between RPA and NE and RPA and FC.

## Annex B - Target Operating Model



CS\_ES Target  
Operating Model v1

## **Annex C – RDPE Governance**

In addition to the overarching **RDPE Governance\*** – chaired by Defra, attended by all parties the following meetings inform and oversees the governance of the delivery of agri-environment schemes.

- **Weekly Performance meetings** with Defra Director General / SRO – chaired by Defra, attended by all parties.
- **CS/ES Improvement Programme Board** – chaired by RPA, attended by all parties.
- **Weekly Performance Sub-Committee** – chaired by RPA, attended by all parties.

All of the above governance groups have operated during the transition to and before the transfer of activity to RPA.

Effective from the 2019/20 financial year and upon signing of this MoU, Quarterly Review meetings will be introduced with the initial meeting following the first quarter 2019/20.

*\*attached, noting that this is under review at present.*

