

Call for Evidence Response

Tree Planting & Woodlands

Environment, Food & Rural Affairs Committee Call for Evidence

Date: 3 December 2020

The Country Land & Business Association

The CLA is the membership organisation for owners of land, property and businesses in rural England and Wales. We help safeguard the interests of landowners, and those with an economic, social and environmental interest in rural land. Our 28,000 members own or manage around half the rural land in England and Wales – around 10 million acres - and run around 250 different types of businesses. Many of our members have woodland and forestry interests.

These range from private owners and managers of farm and estate woodlands and forested land, owners of let land with existing trees or potential for more, operators of active woodland and forest enterprises involving sales of woodland products or the management of woodland on a contractual basis at small and large scales. CLA is therefore keenly interested in contributing to the EFRA Committee call for evidence on tree planting and woodlands. Our interests are principally in trees and woodlands in a rural rather than urban setting and in realising a woodland economy with viable and sustainable markets to drive tree planting and grow the management of woodlands to the UK Forestry Standard.

CLA recommendations

- If the UK woodland tree planting target is to be met, **woodland creation needs to be made easier and more attractive** through better funding rates, advice and promotion and a streamlining of grants and approvals processes
- Government should commission as soon as possible and with a short reporting timescale a **review of woodland & forestry approvals processes** in England & Wales, similar to the Mackinnon Review in Scotland, with a view to streamlining & speeding up the process
- Government should **re-consider the Environmental Impact Assessment (EIA) area thresholds and information requirements** and put in place a simpler, more proportionate approval system with presumption in favour of trees in low risk areas subject to appropriate limitations and tests.
- **A woodland creation target should be set for England** as soon as possible and co-ordination established between the four nations to ensure the UK target is reached
- The Environmental Land Management scheme should allow **tree and woodland planting and management at varying scales across the three ELM tiers**

- **Closer co-ordination is needed between Defra departments** dealing with the Tree Strategy and development of ELM
- Government should work to establish governance structures and incentive schemes which **enable multiple buyers, public and private, to easily procure various 'stacked' benefits** – water quality, biodiversity, carbon sequestration - from the same area of land
- **Flexibility on permanence is needed** for small scale tree planting and agro-forestry
- **Higher payment rates for woodland creation, reflecting the opportunity costs and land devaluation** when planted with trees, should be used to incentivise greater uptake of woodland creation than has been seen in recent years
- **Far greater emphasis should be placed on incentivising the management of woodlands** – higher payment rates which reflect the costs involved and last until thinning income commences should be introduced. This should be of the order of £400/ha/year (double the current Countryside Stewardship rate) and last for 20 years not end at years 5 or 10 as these payments currently do in England.
- The Woodland Carbon Code (WCC) should be developed further. Currently it can only measure carbon sequestered in new woodlands. Investment should be made to help the WCC **develop a standard that enables measurement of carbon sequestered by changes in woodland management** – this will help drive more management of woodlands.

Targets for increasing forestry coverage

Q1: Are the UK Government's targets for increasing forestry coverage, and tree planting, for England and the UK sufficiently ambitious and realistic?

- The 30,000 hectares per year (ha/yr) UK target from 2025 is at the lower end of the 30,000-50,000 ha/yr Climate Change Committee (CCC) recommendation¹. On that basis it is not as ambitious as it could be. But it is ambitious compared to past annual rates of woodland creation - which have been under half of that for nearly 20 years. Reaching the target by 2025 - and sustaining it until 2050 - will be challenging. Changes will be needed to policy and incentives and the processes around them.
- The UK target is achievable - but only if creating woodland in England & Wales is made easier and more attractive through better funding rates, advice and promotion and a streamlining of the grants and approvals processes. After a fundamental review², the Scottish Government has done this - and as a result they have exceeded their targets in the last two years.
- Scotland will remain as the country where most UK forestry takes place because generally, suitable land is less expensive than in lowland England where land quality and prices are higher and competing agricultural uses more profitable. But although Scotland

has set the highest target by far of the four nations (18,000 ha/yr by 2024/25), the comparatively modest targets set by Wales (2,000 ha/yr) and Northern Ireland (900 ha/yr) mean that England, despite not formally setting a national target, has a crucial role to play in achieving the UK target.

- Defra's recent Tree Strategy consultation documents³ stated 10,000 ha/yr is the most woodland creation rate possible for England. However the highest rate ever achieved in England was 6,500 ha (in 1971). Only 2,300 ha was created in England and only 80 ha in Wales in 2019/20. These figures demonstrate that significantly expanding woodland area in England and Wales will be especially challenging. It can be achieved – but only if there is political will to design an appropriate mix of policy, regulation, incentives and in particular to streamline administrative processes to implement them.
- Effective co-ordination is needed between the four nations to agree their proportionate contribution to meeting the UK target. The UK government should set a woodland creation target for England as soon as possible to publicly demonstrate their ambitions.

Delivery structures

Q2: Are the right structures in place to ensure that the UK wide target for increasing forestry coverage is delivered?

Key structural changes have yet to be made

- A good foundation has been laid in Scotland to deliver substantially towards the UK target. There, the 'Mackinnon Review' of 2016², considered how the process for forestry approvals could be speeded up. The recommendations were swiftly acted upon by the Scottish Government and woodland creation which stood at 4,600 ha in 2016 has exceeded 11,000 ha in 2018/19 and 2019/20 (with the private sector now accounting for 91% and 98% of all planting respectively).
- However the sorts of changes needed for England and Wales to deliver the required step change in woodland creation have yet to be made. It is hoped that the England Tree Strategy (expected Spring 2021) will set out the necessary changes to policy, regulation and incentives in England. If Government are still unclear on the changes needed following the recent Tree Strategy consultation, we advise they commission as soon as possible a similar 'Mackinnon review' in England with a short reporting timescale.

Closer co-ordination needed between Tree Strategy & ELM development

- We are also concerned that while the England Tree Strategy will be published in Spring 2021, the key mechanism to deliver woodland creation in the longer term – Defra's Environmental Land Management (ELM) scheme – will not be operational until 2024. Indeed so far there is very little reliable detail on how woodland fits in to ELM at all. The same can be said for the Sustainable Land Management (SLM) scheme being developed by Welsh Government. It is important that there is close co-ordination between those in

Defra drafting the Tree Strategy and those in Defra designing ELM if the latter is to be the key future mechanism to achieve woodland creation in England.

- Landowners need something more tangible than Lord Goldsmith's November 2019 plea⁴ to them not to delay planting trees until ELM opens in 2024. There is a perception that process will be simpler and funding better under ELM, but with little clarity yet on how woodland will fit into it doubt remains and many will 'wait and see' – limiting tree planting in the short term. Lack of detail on the Nature for Climate Fund (NCF) announced at the March 2020 Budget to 'restore, protect and expand our woodlands' has done little to help. We fear progress on meeting woodland creation targets in England & Wales will get off to a slow start.

Clarity needed on how woodland fits into ELM

- CLA and other sectoral stakeholders are engaged with Defra and Welsh Government on scheme development but the process is frustratingly slow. It is important that tree planting and management from small to large scales is designed into all three tiers of ELM so that a wide range of land managers can participate. Many people doing a little will add up to a lot. Clarity is also needed on how ELM can create 'blended finance' models by working with the considerable interest from the private investment and corporate sectors in tree planting enabling various 'stacked' public benefits to be financed by different parties through the ELM structure
- With ELM still three years away, tree planting in England in the short term will be through existing Forestry Commission and Countryside Stewardship schemes and the Nature for Climate Fund. We know improvements are being considered to grant scheme design and for the information requirements for woodland projects under the Environmental Impact Assessment (EIA) process, but so far there have been no fundamental changes to the EIA approvals process or the existing woodland planting and management grant schemes in England which are seen by many as too cumbersome and insufficiently attractive. We do not expect the modest areas of new woodland created in recent years to grow significantly until greater simplification and proportionality are brought to EIA process, and improvements made to woodland grant schemes to make them more attractive and less complicated to successfully access.

A simplified & proportionate approvals system

- Government should re-consider the EIA area thresholds and information requirements and consider introducing a more proportionate and simplified approval system with a presumption in favour of trees in low risk areas subject to appropriate limitations and tests.

Flexibility on permanence

- The issue of 'permanent land use change' issue is also a deterrent to planting woodland at smaller, farm scales. Flexibility is needed to allow landowners to try woodland without binding future generations to historic decisions. Flexibility on permanence would encourage more agroforestry and shelterbelts and could facilitate tree planting by tenants

on let land if the landowner knew the land could be farmed again in future if need be. Agroforestry and new woodland below a certain area threshold could be exempt from 'permanence' requirements.

Payment rates for woodland creation

- Higher payment rates for woodland creation will also be needed. Current rates paid for woodland creation through grants in England are capped at £6,800/ha. While this may be adequate for some when planting at scale, the fact is this capped rate has only resulted in the modest rates of woodland creation mentioned above. Recent independent research for the Committee on Climate Change⁵ estimated £23K-25K/ha total capex was needed to create new woodland (including land acquisition costs, establishment & financing). Land acquisition is not necessarily a factor for owner occupiers, but opportunity costs are and the perception that land is devalued once planted with trees may have to be reflected in higher payment rates if landowners are to be tempted from more profitable land uses in sufficient numbers to meet government planting targets.

Tax – the 'Rural Business Unit'

- Consideration should be given to what role the tax system could play in encouraging sufficient woodland creation to meet Government targets. Planting rates have generally been falling since the 1990s. Whilst timber income is outside the income tax regime, most small scale woodland enterprises are not profitable anyway so there is little advantage – plus the expenditure on woodland creation and management is not tax deductible. CLA has proposed a 'Rural Business Unit' approach in which multi-enterprise rural businesses (farming, tourism, heritage, forestry etc) can, subject to meeting certain qualifying tests, elect to be taxed as a single business entity which is treated as a trading business for tax purposes. CLA feels the 'Rural Business Unit' has much to offer and would encourage much more woodland creation and management.

Advice & Innovative approaches

- Farmers and landowners also need access to better quality business advice which includes proper understanding of the business opportunities from trees and woodland not just the technicalities of the various incentive schemes available. This should include 'outreach' and local facilitation from experts in farming with woodland knowledge as well as experts in forestry.
- Innovative approaches such as the Woodland Carbon Guarantee reverse auctions process to award contracts for woodland creation for carbon sequestration are however a step forward that could be built upon to help reach woodland targets.

Co-ordination between UK nations on forestry issues

Q3: How effective is the co-ordination between the four nations on forestry issues, including biosecurity, plant health and other cross-border issues?

- The four nations each have their own policies and strategies on woodland with distinct incentive schemes and agencies administering them. With forestry and plant health being devolved matters, an ambitious tree planting target set at a UK level and long term delivery structures not fully in place, it is essential there is effective close co-ordination between the four nations on forestry issues if woodland creation targets are to be met.
- Our trees are at risk from an ever increasing number of pests and diseases such as ash dieback and phytophthora ramorum. Climate change exacerbates these risks as does the UK's importation of around 80% of its timber needs. This makes co-operation between the four nations on biosecurity of imports of controlled material like wood, saplings and seed all the more critical, because pests and diseases do not recognise borders and can undo years of expensive tree planting work.
- Ensuring timber supply is complex but Governments of the four nations should co-operate in supplying more of our timber needs from within the UK and reduce reliance on imports, perhaps using building regulations or public procurement policies to favour home grown wood products rather than concrete or steel where appropriate. This would boost domestic markets for UK timber and help to drive woodland creation and management.

Lessons to be learned

Q4: Why were previous ambitions for increasing tree planting in England not met and what lessons should be learned?

- Until recently, there seems to have been an overall lack of priority attached to increasing tree planting, a lack of a clear strategy for woodland creation and a lack of political will to drive through measures to ensure that it happens. The overall lesson will be to ensure that all three of these things are in place, progress monitored and that they remain in place until targets are achieved.
- The EFRA Committee report 'Forestry in England: Seeing the wood for the Trees'⁶ made a number of recommendations such as better inter-departmental working, better information on woodland creation progress, clarity of planting commitments and ensuring the right incentives are in place for softwood planting. However many of the Committee recommendations were not implemented by Government.
- Now that addressing climate change is at the heart of Government policy and the Net Zero commitment has been enshrined in law, this provides a much needed legal impetus to drive increasing woodland planting of all forms – native broadleaf, softwood conifer dominated and mixed woodlands. With a new Tree Strategy for England in preparation, 'buy in' across the sector to the tree planting targets and broad agreement about what needs to happen, there is a historic opportunity to get it right this time.

What should Government be trying to achieve?

Q5: In relation to increasing forestry coverage in England, what should the Government be trying to achieve? For example, how should the following policy objectives be prioritised?

- **Mitigating or adapting to climate change;**
 - **Promoting biodiversity and nature recovery;**
 - **Increasing biosecurity and plant health;**
 - **Improving human well-being and health;**
 - **Protecting natural and cultural heritage;**
 - **Food security;**
 - **Creating commercial opportunities from forestry, tourism and recreation; and**
 - **Any other priorities?**
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- Woodland policies and schemes should facilitate an expansion of all kinds of woodland - native broadleaf, productive conifer and mixed woodlands - using a variety of establishment techniques including planting and natural regeneration. Woodlands can deliver on all of the stated policy objectives, to which we would add 'Sustaining rural economies and communities'. These objectives are not mutually exclusive.
 - Mitigating or adapting to climate change is perhaps the overriding objective in relation to woodland creation in that it underpins the Net Zero commitment which has driven the increased activity in this area of policy.
 - Government should establish governance structures and incentive schemes which enable multiple buyers - public and private - to easily procure various 'stacked' benefits from the same area of land e.g. water quality, flood management, carbon sequestration in ways which respect property rights & allow the landowner to retain ownership of the land. This will allow both public and private investment to flow into the sector and help sustain woodland creation and management.

Policies & funding to protect and manage existing woodlands

Q6: Are the right policies and funding in place to appropriately protect and manage existing woodlands in England? How will prospective changes to policy and legislation effect this?

- Government should emphasise the importance of ongoing tree and woodland management far more than it currently does and reflect this in incentive schemes and associated payments. The Climate Change Committee (CCC) estimate that only 20% of existing broadleaved woodlands are currently managed to the UK Forestry Standard and recommend this should be raised to 80% by 2030¹.
- It is of paramount importance that existing trees and woodlands and those which will be planted over the coming years are properly managed. For example, deer and grey squirrels if not controlled can ruin newly planted woodland and undo much expensive

work. Woodland management and effective pest control need to be incentivised along with woodland creation.

- The most effective solution would be a combination of tax relief on woodland management expenditure and higher payment rates for a wider range of woodland management activity that reflect the costs involved and which last for 20+ years rather than end at years 5 or 10 as is the case with current schemes. Use of these in combination would encourage long term management and the production of saleable timber and sustain cashflow until thinning income commences after 20-25 years.
- Also woodland management is driven by market demand for saleable product ie. timber, wood-fuel or public goods like carbon. We do not agree with CCC cost benefit analysis¹ suggesting that it pays to manage broadleaved woodland. It can in densely wooded areas with a thriving wood-fuel market, but for most it is a break-even activity at best and for many a loss making activity – hence the low proportion of these woodland in active management. Trees are a long-term enterprise and in the long-term government must encourage strong & sustained markets for timber, wood products, wood-fuel & carbon by sending clear, consistent & sustained policy and regulatory signals to woodland owners, the supply chain and consumers. This will allow self-sustaining private markets and prices to develop which woodland owners will respond to.
- The Woodland Carbon Code, the voluntary UK standard for woodland creation projects where claims are made about the carbon they sequester, is a respected basis for the growth of the UK woodland carbon market, through which businesses can buy carbon credits from new woodlands they help to create in order to offset their emissions. However the WCC can only measure carbon sequestered in new woodlands. Investment should be made to help the WCC develop a standard that enables measurement of carbon sequestered by changes in woodland management. This will incentivise a ‘woodland management driven’ carbon market to add to the existing woodland creation carbon market. This will help to drive management of the many woodlands which are currently unmanaged.

<https://www.theccc.org.uk/publication/land-use-policies-for-a-net-zero-uk/>

² <https://www.gov.scot/publications/mackinnon-report/>

³ https://consult.defra.gov.uk/forestry/england-tree-strategy/supporting_documents/englandtreestrategyconsultationtechnicalannex%20%20corrected.pdf

⁴ <https://www.gov.uk/government/news/reassurance-to-land-managers-to-plant-trees-now>

⁵ <https://www.theccc.org.uk/wp-content/uploads/2020/01/Economic-impacts-of-Net-Zero-land-use-scenarios-Vivid-Economics.pdf>

⁶ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/619/619.pdf>

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