

# Forestry Sector Response to Defra’s Policy Discussion Document on the Environmental Land Management Scheme – July 2020



## Introduction

This is a joint response from forestry’s representative bodies, brought together by the Institute of Chartered Foresters, partnering with Confor, the Royal Forestry Society and the Woodland Trust. Together these organisations represent professional forest managers, woodland owners, forestry businesses, timber users and people with a passion for trees, woodlands and forests<sup>1</sup>. The position outlined here was developed by these organisations in collaboration with a cross-sector group of forestry stakeholders working across public, private and third sector forestry. The paper outlines a collective view of the forestry sector and builds on the position paper from 2019<sup>2</sup> to respond formally to the Environmental Land Management (ELM) policy discussion document published by Defra.

## How can the forestry sector help meet the challenges that public policy seeks to solve?

Trees and woodlands are critical to solving both the climate crisis and the nature crisis. The objectives of the Net Zero target, the 25 Year Environment Plan, the Agriculture Bill, the Environment Bill, the government’s tree planting targets, the England Tree Strategy, the commitment to a green recovery and the ELM scheme all depend heavily on a skilled, professional and empowered forestry sector.

Trees and woodlands have long been delivering many of the public goods that the ELM scheme seeks to incentivise. Our 2019 position paper outlined how forestry can contribute to the goals of the ELM scheme in the priority areas:

Goal	What forestry can do
Clean air	Trees and woodlands filter particulates, remove pollutants and reduce harmful emissions. For example, ammonia emissions from indoor poultry units can be significantly lowered by appropriately designed woodland.
Clean and plentiful water	By filtering chemicals and sediment, trees help to provide a clean source of water for drinking, irrigation and commercial use. Woodlands regulate run-off from land, so supporting water supply by enabling more dependable storage and extraction.

<sup>1</sup> The Institute of Chartered Foresters represents 1,841 individual members, 942 of whom are Chartered professionals working across the sector; Confor represents 730 member organisations in England, from nurseries to sawmills and board mills; the Royal Forestry Society has 3,500 members; the Woodland Trust has over 1,200 sites covering 29,000 hectares and over 500,000 supporters.

<sup>2</sup> <https://www.charteredforesters.org/wp-content/uploads/2020/07/Forestry-ELMS-Position-Paper-July-2019.pdf>

<b>Thriving plants and wildlife</b>	Trees and woodlands enable a wide variety of plants and animals to thrive in a relatively extensively managed environment. Low chemical inputs and a mosaic of habitats provide for a rich biodiversity.
<b>A reduced risk of harm from environmental hazards such as flooding and drought</b>	The role of woodlands in natural flood management has been shown to have significant benefits. They can also reduce wildfire risk by lowering ground temperatures and encouraging more fire-resistant vegetation.
<b>Using resources from nature more sustainably and efficiently</b>	Forestry, compared to other land uses, is a resource efficient sector that has low inputs yet produces a product that is sustainable and can be used to replace many other materials with higher impacts.
<b>Enhanced beauty, heritage and engagement with the natural environment</b>	Well-designed treescapes and woodlands can enhance England's countryside whilst providing places for people to exercise. Learning outside the classroom programmes have shown how trees can help people engage with their natural environment, with multiple benefits.

The forestry sector is therefore uniquely placed to support the government in achieving its goals for the environment. We have welcomed the opportunities so far to co-design the ELM scheme so that it helps land managers optimise the potential of their land to deliver public goods. We are confident Defra will consider our response carefully and build on the issues raised in further discussions.

### **Key issues for ELM from the forestry sector**

From detailed engagement with Defra and across the forestry sector on the contents of the policy discussion document, we believe the following are the main areas of the scheme needing further development at this stage.

<b>Issue</b>	<b>Barriers, opportunities and risks</b>
<b>Inclusive terminology</b>	<p>The language used throughout the discussion document and in ELM engagement and communications – specifically use of the terms farmer, forester and land manager – is inconsistent and sends an unhelpful message. The scheme risks reinforcing the common assumption that forestry is not for farmers and overlooking the importance of trees outside woods.</p> <p>ELM is an opportunity to support a cultural shift away from the zero-sum perception of woodlands vs agriculture and this is essential if the government is to meet its targets for genuinely delivering public goods and tree planting.</p>
<b>Woodland options in Tier 1</b>	<p>Tier 1 should be eligible to all land managers, not just farmers. Including foresters in Tier 1 is vital for meeting woodland creation targets. All land managers will look to the scope of Tier 1 to get a feel for the rollout of ELMs. If they see this limit on incentivising woodland interventions it risks putting off potential applicants and reducing uptake significantly.</p> <p>The policy discussion document does not list any woodland options in Tier 1. We are aware of discussion regarding use of standards in Tier 1 and we agree that there should be a standard for trees and woodland in ELM. If Tier 1 is going to be standards based we would welcome early discussion on this.</p>

	<p>Some of the actions Tier 1 should include are:</p> <ul style="list-style-type: none"> <li>• small scale planting</li> <li>• agroforestry</li> <li>• deer/grey squirrel management</li> <li>• climate adaptation</li> <li>• tree health measures</li> <li>• stock exclusion</li> <li>• edge and ride management</li> <li>• basic broad and shallow woodland interventions.</li> </ul> <p>Many of these are actions the majority of farmers could take anywhere, to further break down barriers between farmer and forester. The scheme risks missing the chance to bring much existing woodland into effective management, the public benefits of which would be significant, as well as excluding many potential applicants from small scale woodland creation.</p> <p>If eligibility is widened and Tier 1 includes the right options, it will maximise engagement with ELM and act as a hook to the other tiers. Applicants will also be more likely to engage with the transitional Nature for Climate Fund interventions and so help achieve government targets and maximise outcomes across all sectors.</p> <p>At the very least we need clarity on the question of eligibility and the definition of “farmer”.</p>
<p><b>Advice</b></p>	<p>Advice provision is a major area of concern for the sector.</p> <p>The scheme is not yet clear on the distinction between specialist and generalist advice and how they interact (see also Regulation in Forestry below). Tier 1 generalist advisers need to have an overview of forestry options to highlight potential and steer applicants towards creation and management, particularly if Tier 1 applicants are likely to come from BPS with little previous engagement with woodland options. Without this we will not generate leads into the Nature for Climate Fund and the government’s woodland creation agenda.</p> <p>Advice should be seen as an investment, not a burden. Current proposals under ELM suggest that advice from the private sector, both specialist and generalist, will not be funded. This adds risks that the government aspirations for woodland management and creation will not be achieved. The current arrangement of directly funding both woodland creation and woodland management plans engages (and de-risks engagement with) would-be applicants.</p> <p>Specialist advice is essential for good management plans and good outcomes; nothing should be approved without it. We need to ask who would accredit specialist advice and must ensure existing forestry sector experts aren’t excluded, as the private sector currently does much of this. Existing government money has been spent developing this through Countryside Stewardship for woodland management plans, which are frequently written by external forestry consultants. Earned recognition is extremely complicated (the sector has tried to tackle it), particularly with the private adviser’s sign off process. There is also a difference between signing off standards and agreeing for payments.</p> <p>Absolute clarity of advice is essential to maximise uptake, as acknowledged in the policy discussion document. The document also recognises that there is an opportunity here to learn from existing schemes. There is a huge amount of learning in the sector about this that we could share from across the UK. We would strongly urge our involvement in the development of advisory services and extensive testing in the National Pilot.</p> <p>There are a large number of factors involved in even small woodland creation and establishment. Advice is very specialist. It covers skills training and knowledge transfer, which will be essential for engaging farmers. It would take a huge education and training agenda to equip farmers with the knowledge and</p>

	<p>confidence to create and manage woods, which would need to be funded. We need to invest in skills across the sector, as well as in the advisory capacity of government agencies, something we will raise in more depth in response to the England Tree Strategy consultation.</p>
<b>Regulation in forestry</b>	<p>We have concerns about the interaction of advice with existing regulation and standards. The UK Forestry Standard (UKFS) is a government standard with strong buy-in across the sector. It is periodically updated and provides a baseline for the industry while raising the bar for other land uses. It is critical that UKFS is integrated with all tree and woodland options in ELMs as the minimum standard.</p> <p>The current arrangement provides sign-off both for financial support and for the regulatory permissions required by the Forestry Act in one process. If this principle is not retained it would be a significant barrier to participation, expecting woodland owners to deal with multiple government agencies. There needs to be a single point of accountability for grant approvals, by a body that is appropriately resourced to process applications in a timely manner, another barrier to participation currently.</p> <p>We would also argue that public money should be signed off by a public body, as a matter of professional ethics and accountability. Our recommendation is therefore that the Forestry Commission should have the lead, or Natural England where applicable. We would urge Defra to confirm the role of these bodies – in approving grants but also in the provision of advice.</p> <p>Again there is a lot of learning in the sector to benefit from. Just as it would be harmful to uptake and outcomes if a generalist adviser did not have sufficient understanding of UKFS, it's critical that scheme designers understand how regulation in forestry works so good practice is followed and the process doesn't put off applicants.</p>
<b>Scheme development</b>	<p>It is not yet clear enough how the three tiers are distinguished. The most pressing question for forestry, as above, is whether woodland can be created under Tier 1, and more generally making sure there are no unnecessary barriers to this. It would be a risk for government targets and put off potential Nature for Climate Fund applicants by signalling that there won't be ongoing support beyond the initial capital phase.</p> <p>Stakeholders will all be eager to know what the proposed ELM budget is and how that budget will be split between the tiers. This will help us understand and shape how ELM can work across sectors and outcomes together.</p> <p>Regarding the National Pilot, it is essential that it include some forestry, including woodland creation projects on both small and large scale. Only this way will we accurately identify opportunities and barriers with the scheme. At the moment, the timeline for the pilot only refers to Tier 1 which includes no forestry actions, leaving even more time without incentives for trees. By including these we can encourage participation – both in the National Pilot and in the overall scheme.</p>
<b>Transition</b>	<p>Currently it is unclear how existing and future schemes are going to fit together, and ELM so far has focused on reassuring farmers. Long-term prospects are just as important in forestry. Potential applicants need more reassurance about how government will ensure people don't lose out by starting now. Transition should be a time of bold experiment, especially given the scale of ambition for the government's tree planting targets. There is a risk that no one takes action while they wait for clarity, missing a critical window of opportunity and undermining objectives across the government's agenda.</p>

	<p>We also need to consider how productivity grants and plant health will work in transition and in conjunction with ELM – there will be important touch points with these schemes which are not articulated in the policy document.</p> <p>It's also important to stay alert to emerging threats and opportunities to support innovation.</p>
<b>Payment methodologies</b>	<p>The move to using income foregone raises concern. Paying for ecosystems/actions is key for forestry and will help ensure the scheme is genuinely paying for public goods and not those actions for which a market already exists. If this doesn't work the scheme risks failing to deliver on its stated aims.</p> <p>The challenge of sufficient economic incentives must also be met – this cannot be overstated. As in the Tier 1 discussion, the offer has been insufficient to incentivise the kind of interventions that are needed for both woodland creation and woodland management and overcome the other non-financial barriers<sup>3</sup>.</p> <p>In addition, capital grants will still be essential for creation and establishment, in combination with multi-annual options. This should be tested thoroughly through the National Pilot.</p> <p>There are tax implications of the proposed change for the payment basis to income foregone that pose a risk to government aspirations for woodland creation. Grants and income from forestry currently aren't taxable – moving to an income foregone basis risks this status and so makes afforestation less attractive.</p>
<b>ELM in wider funding landscape</b>	<p>To achieve the government's stated goals around tree planting the various strands of the Nature for Climate Fund need to dovetail with ELM and with ELM's longer term payments and maintenance. ELM needs to be clear on future payments for delivery against 25 year Environment Plan outcomes, following on from the initial investment under the various Nature for Climate Fund strands. There is also a question of how existing carbon market-based schemes will interact with ELM, and a need for clarity around this.</p> <p>Essentially, there has to be an attractive whole proposition for applicants, who need certainty when considering permanent land use change. The offer of capital and perhaps short-term revenue payments from the Nature for Climate Fund will not be attractive unless there is a clear line of sight to ELMs Tier 1 payments in following years. Not addressing this early puts at risk much of the Nature for Climate Fund work and the government's aspirations for woodland creation. For example, someone planting for natural flood management needs to know, when maintenance payments come to an end, who will pay for the increased insurance costs, reduced capital value of the land, replacement/removal costs and loss of productivity. This uncertainty must be overcome for the scheme to succeed. It will be important to learn from those who've moved between previous schemes in the past.</p>
<b>Local prioritisation and targeting</b>	<p>Our main concern here is about eligibility. All woodlands can provide public benefit, and intervention – especially creation – is often opportunistic. While woodland should of course be sited and created in a way that delivers maximum environmental benefit, it is essential that all tiers of ELM are open to applications from all those capable of delivering public goods. Limiting eligibility would result in the loss of potential applicants and a reduction in delivery against government's ambitious aspirations.</p>

<sup>3</sup> RFS survey on barriers to woodland creation <https://www.rfs.org.uk/media/710684/woodland-creation-opportunities-and-barriers-020620-embargo-3-june.pdf>

<b>Collaboration and engagement</b>	Collaboration and engagement has been embraced and included within the forestry sector's processes for both creation and management. Any ramping up of these processes as part of Tier 2 or Tier 3 applications would need to be done with care so as not to reduce the number of applications coming forward and so risk delivery of the government's aspirations for woodland creation and management.
<b>Deer/grey squirrel management</b>	<p>Currently high numbers of deer and grey squirrel are leading to significant negative impacts on the structure and biodiversity of our woodlands. This limits their ability to deliver public goods and, in the case of deer, puts the successful establishment of woodland at risk. Incentives focused on cooperative action between landowners could ensure lower and more sustainable densities of these species. Ideally such incentives would be focused on the development and implementation of sustainable management strategies at a landscape scale. However, there could also be an opportunity to include support in Tier 1 for measures that all land managers can take to responsibly manage deer and grey squirrel.</p> <p>A significant body of research and evidence can be found by the UK Squirrel Accord<sup>4</sup> and the Deer Initiative Partnership<sup>5</sup>.</p>
<b>Other key focusses for ELM</b>	<p>As a general principle the scheme shouldn't be overly prescriptive – it needs to be flexible and simple. There may not be a one-size-fits-all for payment methodologies, for example; different arrangements may work for different actions and outcomes. Bureaucracy is a major barrier in the current system – ELM is an opportunity to depart from this.</p> <p>We would again highlight the importance of trees outside woodland. There is very little in the document but this is critical for heritage, protection, carbon capture and health benefits especially in urban and peri-urban areas.</p> <p>It is also worth emphasising that forests planted and managed for wood production can also have value for biodiversity. If woodland is managed appropriately the sector can deliver on environmental, economic and social priorities together.</p>
<b>Evidence</b>	We do not feel sighted on the evidence the Defra team is using to develop their proposals. We would encourage Defra to publish a bibliography to enable us to identify and fill any gaps for forestry.

This is a huge opportunity to design a land use scheme that meets all our environmental ambitions. We welcome future engagement with Defra to ensure forestry works for ELM and ELM works for forestry.

## Our organisations

**The Institute of Chartered Foresters (ICF)** is the Royal Chartered body for foresters and arboriculturists in the UK. ICF regulates standards of entry to the profession, doing so by the provision of services and support to its members; guidance to professionals in other sectors; information to the general public; and educational advice and training to students and tree professionals seeking to develop their careers in the forestry and arboriculture industry. ICF works to foster a greater public awareness and understanding of the tree professions in order to serve a variety of commercial, recreational, environmental and scientific interests.

<sup>4</sup> UK Squirrel Accord, a partnership of 37 leading conservation and forestry organisations, government agencies and companies <https://squirrelaccord.uk/>

<sup>5</sup> Deer Initiative Partnership, a broad partnership of statutory, voluntary and private interests <http://www.thedeerinitiative.co.uk/>

**Confor (Confederation of Forest Industries)** is the membership organisation for the sustainable forestry and wood-using industry. Confor represents the whole forestry and wood 'supply chain' and focuses on the strategic issues that are vital to the success and sustainable future of the sector. These include helping build the market for wood and forest products, creating a supportive policy environment, and helping members to become more competitive and successful.

**The Royal Forestry Society (RFS)** is an education charity, established in 1882, dedicated to promoting the wise management of woods and trees across England, Wales and Northern Ireland through education, knowledge sharing, and skills development. Its 3,500 members represent a broad community with a common interest in the science and art of woodland management.

**The Woodland Trust** is the UK's largest woodland conservation charity – working since 1972 to create, protect and restore our precious woodland for the benefit of the environment, wildlife and people. We achieve this through planting millions of trees each year, campaigning to protect woods under threat and restoring precious ancient woodland. We are highly respected in our sector, and an influential voice in Government. We own over 1,000 woods across the UK – all of which are free to use. To date, we have planted over 41 million trees. And by 2025 we aim to plant a tree for every person in the UK.