



National Audit Office



Planting trees in England

Department for Environment, Food & Rural Affairs

REPORT

**by the Comptroller
and Auditor General**

SESSION 2021-22

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Key facts

£764m

minimum funding up to 2024-25 for tree-planting and peatland restoration

**7,500
hectares
per year**

government target for tree-planting in England by 2024-25, at least a three-fold increase from current rates

12%

government commitment for woodland coverage in England by 2050, up from 10% current coverage

**90 million
–120 million**

the number of trees to be planted each year in the UK by 2025

Seven

new tree-planting grant schemes and partnerships launched in 2021

**Between
1,400
and 1,900
hectares**

Department for Environment, Food & Rural Affairs' (Defra's) forecast of tree-planting funded by the Nature for Climate Fund Tree Programme in 2021-22, against its ambition of 2,577 hectares

31%

tree-planting confirmed as at January 2022 (809 hectares), as a percentage of Defra's 2021-22 ambition

58%

percentage of English woodland in sustainable management, as at June 2021

**Two to
four years**

the time needed for a nursery to grow a forest tree ready for sale

Summary

Introduction

1 Trees provide a range of environmental and social benefits including capturing and storing carbon dioxide, improved biodiversity, flood risk alleviation, recreational opportunities and public health benefits. Currently, around 13% of the UK is covered by woodland. In England, this is 10%, much lower than in other European countries such as France (32%), Germany (33%) and Spain (37%). The Climate Change Committee (CCC), which advises the UK and devolved governments on meeting their greenhouse gas emissions reductions targets, has said that a significant increase in tree-planting is needed to manage the climate emergency and achieve the government's net zero target. Nature-based solutions, including woodland creation and management, form part of the government's *Net Zero Strategy*.

2 The government has committed to increasing tree-planting rates across the UK to 30,000 hectares per year by March 2025, which equates to between 90 million and 120 million trees each year, depending on planting density. The Department for Environment, Food & Rural Affairs (Defra) has overall responsibility for England's contribution of at least 7,500 hectares of annual tree-planting by March 2025. This includes leading on policy, strategy, programme management, communications and stakeholder engagement. The Forestry Commission is Defra's senior delivery partner and leads on administering grant schemes to support private and public landowners to plant trees and establish woodlands. It is also responsible for supporting the forestry and nursery sectors to ensure there are enough saplings and a skilled workforce.

3 In May 2021, Defra published its England Trees Action Plan 2021 to 2024 (ETAP). This sets out the actions government will take this Parliament, in partnership with the private sector, the third sector and communities, to set England on course to at least treble woodland planting rates by March 2025. It also set an ambition to increase woodland coverage from 10% to 12% by 2050. HM Treasury allocated more than £500 million in the March 2020 budget to fund trees and woodland as part of a Nature for Climate Fund, covering the five years from 2020-21 to 2024-25. In October 2021, HM Treasury announced a further £124 million for the Nature for Climate Fund to cover both trees and peat. Defra aims to use the funding to enable new woodland creation partnerships with local authorities and charities and provide landowners with grants and advice to increase woodland creation, expansion and management.

4 To achieve the government's tree-planting target, Defra has established the Nature for Climate Fund Tree Programme (the Programme). The Programme aims to fund the planting of trees to enable government to be on the trajectory required to achieve the target of 7,500 hectares a year by 2025 while also achieving additional environmental objectives such as improving biodiversity and air quality. It has three tree-planting projects, each of which comprises a range of different grant schemes and funds, and three 'enabling' projects, covering communications, increasing the supply of tree seeds and saplings, and promotion and engagement (**Figure 1** on pages 8 and 9).

5 Defra expects tree-planting rates to continue to grow after 2025 to contribute to the achievement of net zero. After 2024-25, government will mainly deliver tree-planting through the Environmental Land Management scheme (ELM), part of Defra's wider Future Farming and Countryside Programme, its replacement for the EU's Common Agricultural Policy. Prior to EU Exit, funding for tree-planting was mainly through the EU-funded Countryside Stewardship woodland creation and maintenance grant. This scheme closed for applications at the end of 2021 but will fund some trees planted during the 2021-22 planting season, and was replaced by the England Woodland Creation Offer. When Defra launches ELM fully in 2025, it will offer payments to farmers and other landowners for providing environmental benefits on their land, including through planting trees.

Scope of this report

6 This report evaluates whether Defra's management of the Programme is likely to achieve value for money. Our study examines:

- how Defra has implemented the Programme (Part One);
- how likely Defra is to achieve the aims of the Programme by March 2025 (Part Two); and
- the risks that Defra needs to manage to ensure the Programme achieves and maintains a longer-term increase in woodland coverage from 2025 to 2050 (Part Three).

7 The report covers tree-planting and woodland management in England. It does not cover the government's plan for peat restoration, which is also funded through the Nature for Climate Fund.

Key findings

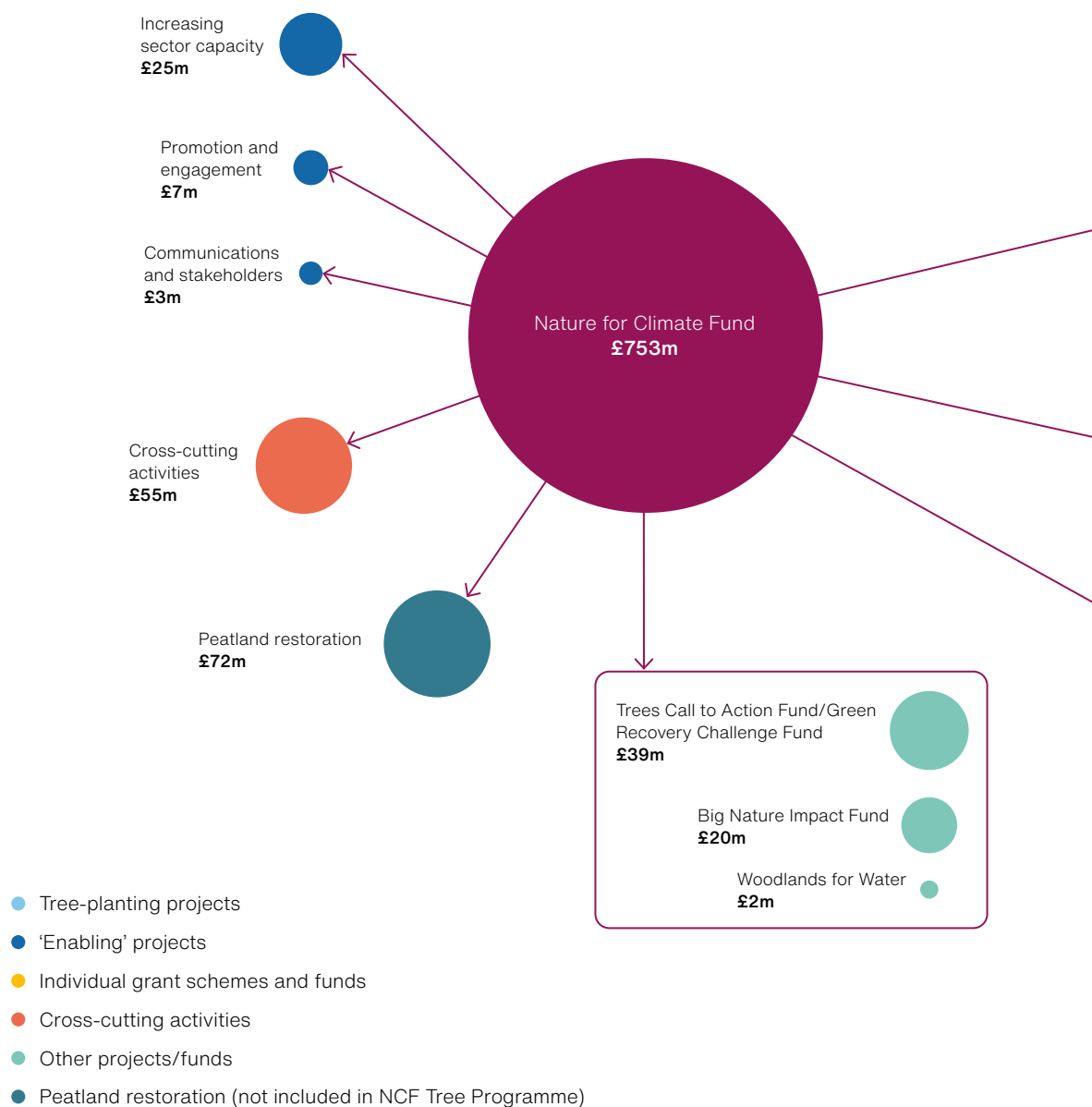
Establishing the Nature for Climate Fund Tree Programme

8 Defra has designed the Programme to combine with existing regulations so that the trees planted achieve a range of objectives. Trees planted through the Programme will only achieve the intended environmental benefits if they are the right species of tree planted in the right place. All tree-planting schemes, including those funded by the Nature for Climate Fund, must comply with the UK Forestry Standard, which sets out good forestry practice covering a range of environmental benefits such as biodiversity. The Forestry Commission will also carry out an Environmental Impact Assessment to check whether a forestry project is likely to have a significant effect on the environment. In addition, Defra has designed the England Woodland Creation Offer, its flagship scheme, so that landowners receive additional contributions for planting trees in such a way as to achieve public benefits such as flood mitigation (paragraphs 1.13 and 1.14, and Figure 4).

9 Defra did not sufficiently consider whether its tree-planting target was achievable, particularly given the broad range of benefits it is trying to achieve. When launching any new programme, departments should set realistic targets to ensure stakeholder expectations are managed and to reduce the risk of headline targets driving decisions that reduce the overall benefits. Tree-planting rates have not reached Defra's 7,500 hectare per year target in the past 50 years and rates have only been above 6,000 hectares a year for three of the past 50 years. Defra told us that it determined the 7,500 hectare per year target is realistic based on available evidence about: historic woodland expansion statistics; potential sector capacity; land availability; and current policy drivers for woodland expansion. But Defra did not undertake a detailed assessment of this evidence or consider whether historical planting rates could be exceeded when also trying to achieve the Programme's multiple environmental objectives by ensuring the right trees are planted in the right place, which adds to the complexity of increasing tree-planting rates quickly (paragraphs 1.9 to 1.11 and Figure 3).

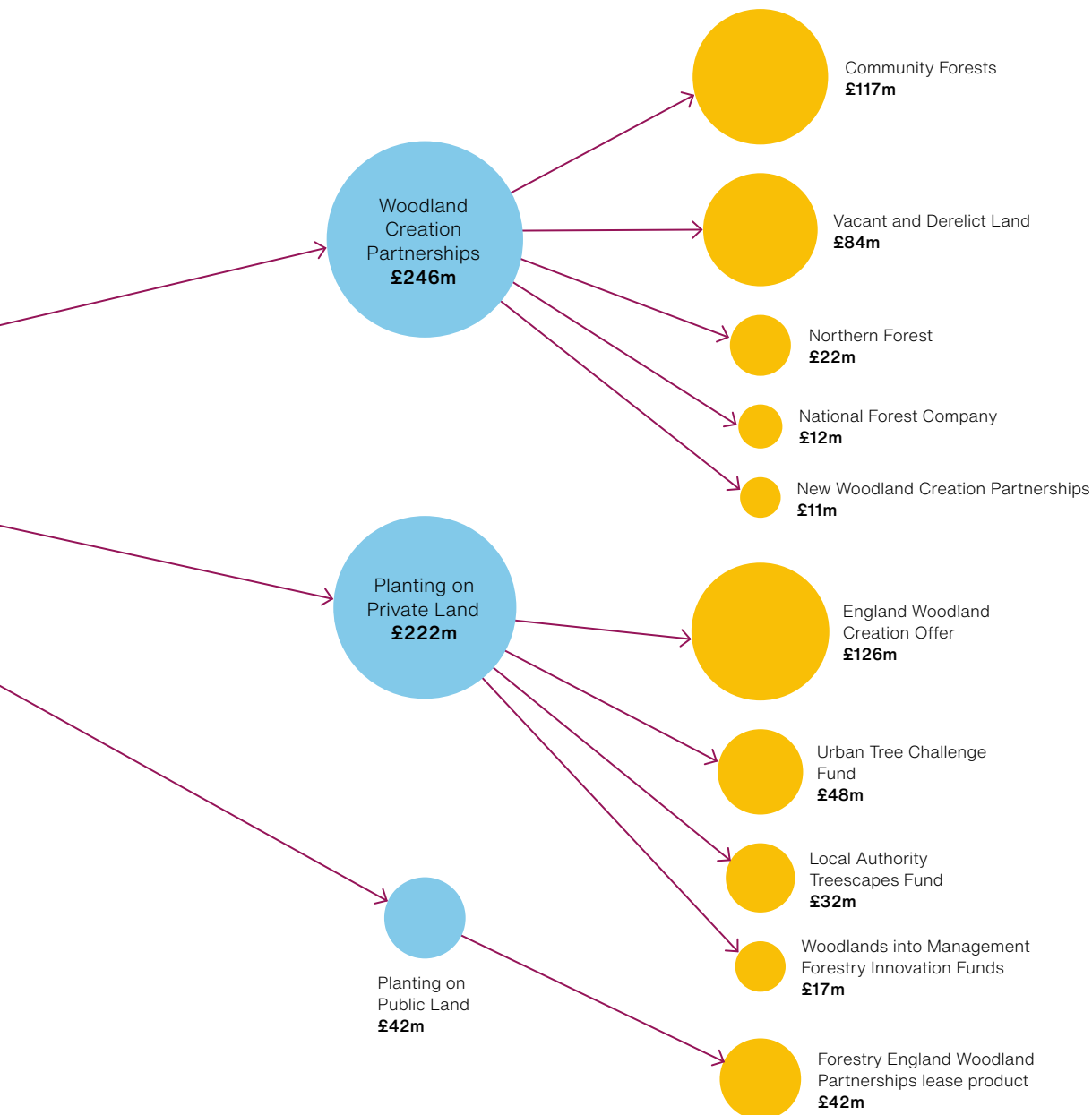
10 Defra and the Forestry Commission have worked fast and in difficult circumstances to launch the new grant schemes in time for the 2021-22 planting season. Initial funding was announced in the March 2020 Budget and between April 2021 and June 2021, just over a year later, Defra had opened seven grant schemes and funds for application. This was despite challenging working conditions and limited site visit opportunities caused by the continuing COVID-19 pandemic. Also, Defra found its ability to appoint staff was initially hampered by only having its budget for administrative and day-to-day running costs agreed for one year, as was the case for all departments, in the government's 2020 Spending Review. This meant both Defra and the Forestry Commission faced staff shortages while preparing for the launch of the schemes (paragraphs 1.7 and 1.17, and Figure 7).

Figure 1
Indicative budgets for the Nature for Climate Fund Tree Programme in England, 2020-21 to 2024-25



Notes

- 1 The figures shown are indicative budgets. The Department for Environment, Food & Rural Affairs has the flexibility to move budgets and rebalance the allocation of funding between the various grant schemes and funds as part of its quarterly and annual reviews.
- 2 The £753 million is the total approved budget allocations based on the Nature for Climate Fund business case, September 2021. Therefore, it does not include the additional £124 million funding for trees and peat, announced in October 2021, as the budget allocations to individual projects have not been finalised.
- 3 The individual amounts do not add to the total of £753 million as some budgets are not assigned to individual projects and so are not included.



- 4 A further budget for workforce and skills within the increasing sector capacity project is yet to be approved and is not included here.
- 5 The Green Recovery Challenge Fund (GRCF) is a short-term fund for environmental charities and their partners whose projects are ready for delivery. The Trees Call to Action Fund is to support the development of new and existing partnerships aiming to build the capacity of organisations working with the trees and forestry sector in England. The Woodlands for Water project aims to co-ordinate engagement with fragmented sets of landowners and bring forward projects which can together act at scale to plant woodlands along rivers and other watercourses in six water catchment areas.
- 6 Cross-cutting activities include research and development, monitoring and evaluation and funding for arm's-length bodies.

11 Defra has launched its schemes while monitoring arrangements are still in development, which means it cannot yet monitor progress against all its objectives.

Defra has developed a Programme dashboard, which reports progress at project level towards headline tree-planting targets, but it only started developing a monitoring and evaluation framework in late 2021. Defra will not be able to monitor fully the wider benefits of the Programme until the framework is in place, but this is not expected to be until April 2022, after the end of the 2021-22 planting season. For example, there is currently limited data to show how applications for funding intend to support biodiversity, flood risk alleviation or air quality improvements (paragraphs 1.19 to 1.21).

12 Defra did not consider the potential benefits of taking more time to develop its schemes before launch. When planning to deliver any programme quickly, departments should determine whether speed is necessary and justifiable given the risks it can bring. Defra designed and launched its tree-planting schemes in time for the 2021-22 planting season because of the urgency driven by government's net zero target. But this has meant launching with many key components of the Programme still in development, including arrangements for managing fraud and engaging stakeholders. Defra did not consider whether a later start date could have enabled more trees to be planted across the whole Programme period out to 2025 if, for example, it took more time to test and refine its schemes prior to launch. It also did not consider the potential benefits of having an evaluation plan in place prior to implementation to maximise the potential for learning from the Programme (paragraphs 1.8 and 1.23 to 1.25 and Figure 7).

13 Defra has built in some, but not all, of the mitigations we would expect against the risks of implementing at speed. Defra recognised there were risks in implementing its schemes quickly. It has established an annual review process that allows it to move resources into higher-performing schemes as their relative performance emerges. However, our experience of auditing projects implemented at speed shows there are other mitigations Defra could have considered, such as having a clearer prioritisation of objectives that would enable it to decide on trade-offs between speed and quality (paragraphs 1.26 and 1.27).

Achieving the Programme's objectives

14 Defra forecasts that trees planted through the Programme in 2021-22 will be below the trajectory needed to achieve its 2025 target. In January 2022, Defra estimated that Programme funding will result in between 1,400 and 1,900 hectares of new trees during the 2021-22 planting season. To be on a trajectory towards 7,500 hectares per year in 2024-25, it would have needed to plant 2,577 hectares through the Programme in 2021-22 (paragraph 2.2).

15 Some 600 hectares of planting have been deferred to next year and the associated funding will be lost to the Programme. The Forestry Commission has not been able to process the volume of applications received as quickly as anticipated. This is because of a shortage of resources and grant applications taking longer than expected to process. The launch of the England Woodland Creation Offer, the Programme's flagship scheme, was also delayed, meaning fewer applications could be processed before the planting season. Deferred applications will contribute towards next year's planting, with Defra consequently anticipating an underspend in 2021-22 of at least £4 million, equivalent to approximately 11% of the grants budget. HM Treasury expects the Defra Group as a whole to work within annual capital budgets. HM Treasury told us there is an option to request its approval for transfers between years, but that Defra did not request this for 2021-22. Defra told us this was because when it identified the need for a transfer it was too late in the financial year to request one. Defra aims to launch schemes earlier next year and the Forestry Commission is reviewing its approach to processing applications with a view to accelerating the process and gearing up for the much higher volume of applications that will need to be processed in future years (paragraphs 2.2 to 2.5).

16 Defra is heavily dependent on private landowners choosing to plant trees but uncertainty about future government funding is putting landowners off. Planting trees and creating woodland are long-term business decisions for farmers and landowners. The factors they need to consider include: whether to forego 'premium' agricultural land for woodland creation; whether they have the understanding and skills for woodland creation and management; their understanding and awareness of available grant schemes; and the ease of applying for the appropriate grants. Defra has increased the value of grants available compared with previous schemes and Defra told us that demand for the England Woodland Creation Offer, the Programme's flagship scheme, has been high. It launched a promotion and engagement project including developing a strategy to promote woodland creation in readiness to start the delivery phase by autumn 2021. But many stakeholders told us that landowners were discouraged from committing land to tree-planting because of uncertainty over how much priority government will give to tree-planting against its other priorities delivered through ELM after 2025. Defra also has a challenge to regain the trust of farmers, which it lost as a result of a history of mismanagement of previous agricultural subsidy schemes, and this too may impact on take-up (paragraphs 2.8 to 2.11 and 3.7 to 3.9).

17 Defra hopes to use public land where possible to help achieve its tree-planting target, but it needs stronger support from other departments. The Forestry Commission-run Planting on Public Land project aims to increase planting on the government estate, such as Ministry of Defence and local authority land. Forestry England is also offering long-term leasehold agreements, 'woodland partnerships', in which it will create and manage large-scale woodlands on behalf of landowners. The first woodland partnership was signed in October 2021 with City of York Council. The Forestry Commission told us that negotiations are ongoing with other applicants to the partnership offer. The Ministry of Defence supports the Programme and is developing a plan to assess how much planting is possible but, because of existing habitat constraints and a primary requirement for military training, a lot of its land is not suitable for tree-planting. Defra is encouraging other departments to treat tree-planting as a higher priority in their policy design and incorporate it within planning rules and infrastructure projects but told us it is finding this difficult. Tree-planting is also supported through the Greening Government Commitments, which set out the actions UK government departments and their agencies should take to reduce their impacts on the environment in the period 2021 to 2025 (paragraphs 1.16, 2.13 to 2.15 and Figure 6).

18 Availability of seeds and saplings is a critical risk to Defra achieving its tree-planting target. Nurseries require between two and four years to grow saplings before they are ready to be sold for planting. COVID-19 stoppages have reduced expected sapling supply by an estimated 10% over the next two to three years. Defra does not yet know whether suppliers are ready to meet rapidly increasing demand, particularly of native broadleaf species. Defra has established a project aimed at rapidly increasing domestic supply of seeds and saplings with a budget of £25 million over four years to 2025. As part of this, the Forestry Commission is developing a Nursery Notification Scheme to help provide reliable data to nurseries about the pipeline of demand. Defra is also investing in the Animal and Plant Health Agency's capacity to check imported plants and reduce biosecurity risks from importing pests and diseases (paragraphs 2.16 to 2.18).

19 A shortage of 'on the ground' expertise is also a major risk for the Programme. The Forestry Commission has an 18% shortfall in the staff needed in 2021-22 to deliver the Programme, with the most serious shortfall in qualified foresters working directly with landowners. These experts promote the benefits of tree-planting to landowners, provide advice on the most effective planting approaches and guide landowners through the regulatory process. They are crucial to both achieving the overall tree-planting target and ensuring that trees planted maximise the net zero and wider environmental benefits. Recruitment is continuing but the Forestry Commission needs to rapidly expand its own workforce as well as increasing capacity across the forestry sector in future years. Recent research indicates that the number of forestry jobs needed for new woodland creation will increase more than fourfold from 100 in 2019 to 425 in 2025. One of Defra's 'enabling' projects aims to address sector capacity challenges, but the shortage of qualified foresters, and of suitable occupational courses to feed future recruitment, remains a major concern for the Forestry Commission (paragraphs 2.19 to 2.21).

Achieving long-term benefits

20 Defra lacks a clear picture of what the Programme needs to achieve through its enabling activities to support the long-term expansion of tree-planting.

Defra expects tree-planting rates to continue to grow after 2025 to contribute to the achievement of net zero but the England Trees Action Plan only covers the period from 2021 to 2024, with few details about the government's longer-term approach to tree-planting. To maximise value for money of the Programme, Defra needs to ensure it is setting the foundations now for increasing rates of tree-planting beyond 2025, particularly through ensuring sufficient sector capacity, a skilled workforce and private investment. Defra has 'enabling' projects within the Programme to address these issues, but these lack clear targets or measures of success. In October 2021, it launched the Future Forestry Project aimed at identifying a package of policy options to sustainably increase woodland creation rates from 2025 up to 2050 (paragraphs 1.5, 1.8 and 3.10 to 3.15).

21 Because of uncertainty over the design of ELM, Defra has been unable to develop detailed plans for the transition into ELM from 2025. The design of ELM is at an early stage. According to the current timetable for its development, piloting will commence in 2023, and it will not be entirely clear how the scheme will work until at least 2024. Once within ELM, tree-planting will be competing for funding with a wide range of other government environmental priorities, and it is not clear how landowners will respond to the different options available to them under ELM (paragraphs 3.7 to 3.9).

22 Defra has not yet finalised its plans for ensuring that existing as well as new woodlands are well managed. Poor management reduces the benefits of woodland. Defra told us that bringing existing woodland into management has been a lower priority than encouraging planting of new trees. It is starting several strands of work including: developing and updating strategies to improve the management of deer and squirrel populations; developing plans to increase woodland resilience to climate change, pests and diseases; and, for the longer term, exploring potential levers including regulation around woodland management. In addition, the Environment Act includes new measures that will improve the Forestry Commission's enforcement powers to help it further protect England's woodlands, including ancient woodlands, from illegal felling. There are issues yet to be resolved in Defra's approach to enforcing good management, including how the necessary regulatory and enforcement arrangements will work when tree-planting is part of ELM from 2025 (paragraphs 3.2 to 3.9).

Conclusion on value for money

23 Defra has worked quickly under challenging circumstances to launch seven new grant schemes and partnerships in time for the 2021-22 planting season. However, moving at such pace has left gaps in the Programme. For example, its monitoring and evaluation framework will not be in place until after the end of the first planting season, which means it will not be fully sighted on performance against wider environmental benefits, including biodiversity, and limits the lessons it can draw from the Programme's early stages. There are now several significant challenges that it will need to address if it is to achieve its ambitious target, including increasing and sustaining landowner interest, ensuring there are sufficient skills on the ground to support tree-planting, and expanding the supply of saplings. It also needs to secure the active support of other parts of government to plant trees on their land and incorporate tree-planting in, for example, planning rules and infrastructure projects.

24 Despite Defra's efforts, new tree-planting in 2021-22 looks set to be well short of what it set out to achieve. This makes its 2025 target and a continued increase beyond 2025 to the levels required for the government's net zero strategy look all the more challenging. Defra's Future Forestry Project, launched in October 2021, will explore the longer-term challenges and a range of fundamental policy changes, but Defra is not yet doing enough to establish where the foundations for longer-term delivery – nursery capacity, the sector workforce, private investment and public engagement – need to be by 2025 to set up a sustainable increase in tree-planting. Without managing the Programme more firmly in the context of the long-term picture, Defra is unlikely to achieve value for money.

Recommendations

25 Defra and the Forestry Commission should:

- a** set clear milestones for nursery and forestry workforce capacity from 2025 onwards based on the long-term trajectory for tree-planting set by the net zero strategy, and use these milestones to provide a target for these aspects to be achieved between now and 2025;
- b** urgently establish what is required for the transition of tree-planting into ELM and develop its plans to achieve a smooth transition and ensure lessons learned in the early years can be carried forward;
- c** ensure its monitoring and evaluation framework includes robust mechanisms for measuring progress against targets for wider benefits such as biodiversity, flood management and air quality;
- d** establish plans for how to address a range of scenarios, including where tree-planting rates are falling short of targets, particularly how it will prioritise between the number of trees planted and the wider benefits that new trees should achieve;

- e** incorporate a measure of the proportion of woodlands that are well managed into its target for increasing woodland cover by 2050; and
- f** work with the Cabinet Office and HM Treasury to identify and act on opportunities across government to support the achievement of government's tree-planting targets.

26 Our review of the Programme has identified factors that are likely to be replicated across government as it increases activity aimed at achieving its net zero target, particularly the perceived urgency with which action is required. We therefore recommend that the Department for Business, Energy & Industrial Strategy, as department with overall responsibility for achieving net zero, should:

- g** review the lessons drawn from delivering the Programme at speed and consider how these can be shared, where appropriate, across government's net zero projects and programmes, including establishing that targets are realistic and achievable.