



National Audit Office



Planting trees in England

Department for Environment, Food & Rural Affairs

REPORT

**by the Comptroller
and Auditor General**

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Department for Environment, Food & Rural Affairs

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

28 February 2022

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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

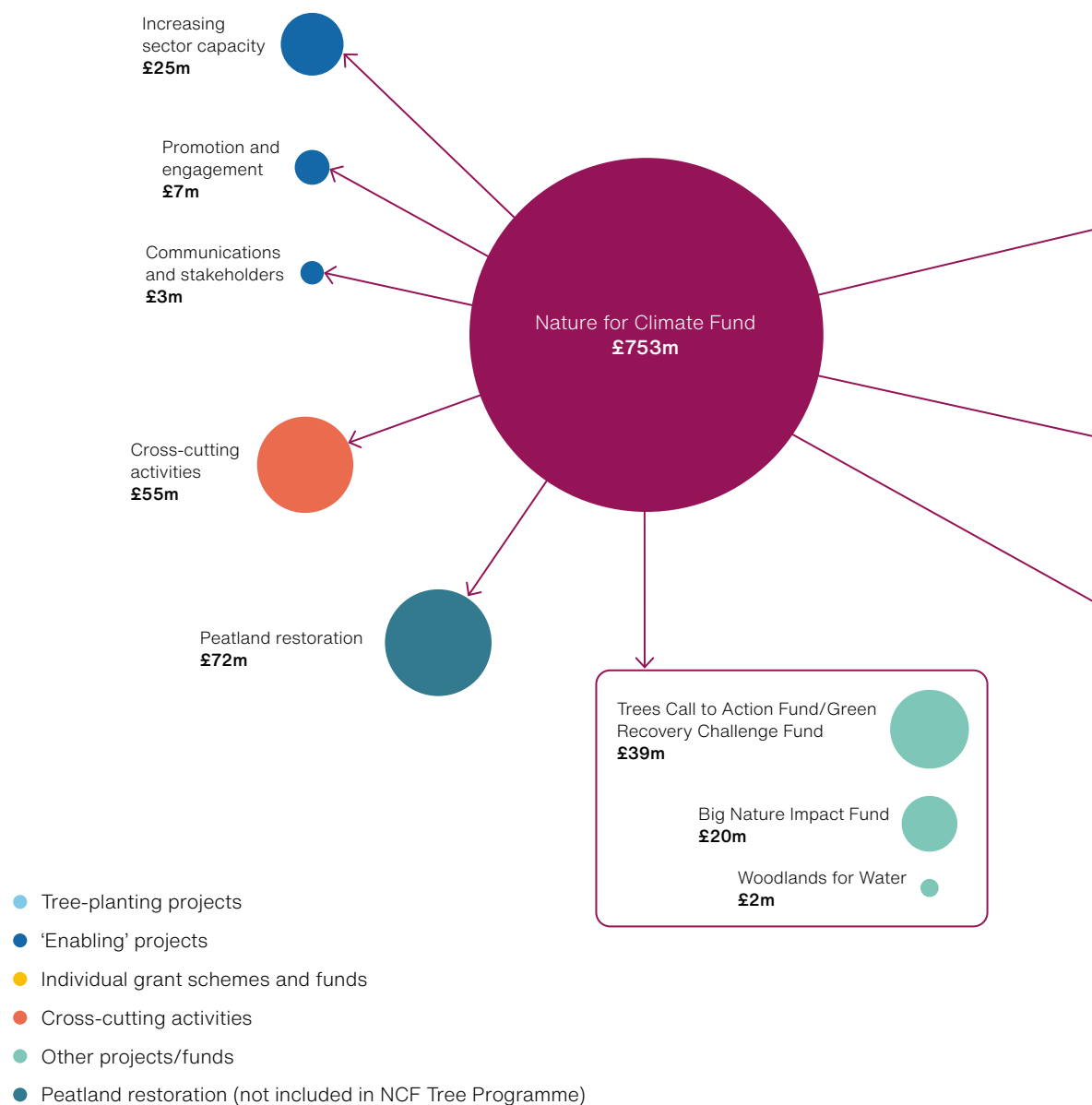
8 Defra has designed the Programme to combine with existing regulations so that the trees planted achieve a range of objectives. Trees planted through the Programme will only achieve the intended environmental benefits if they are the right species of tree planted in the right place. All tree-planting 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).

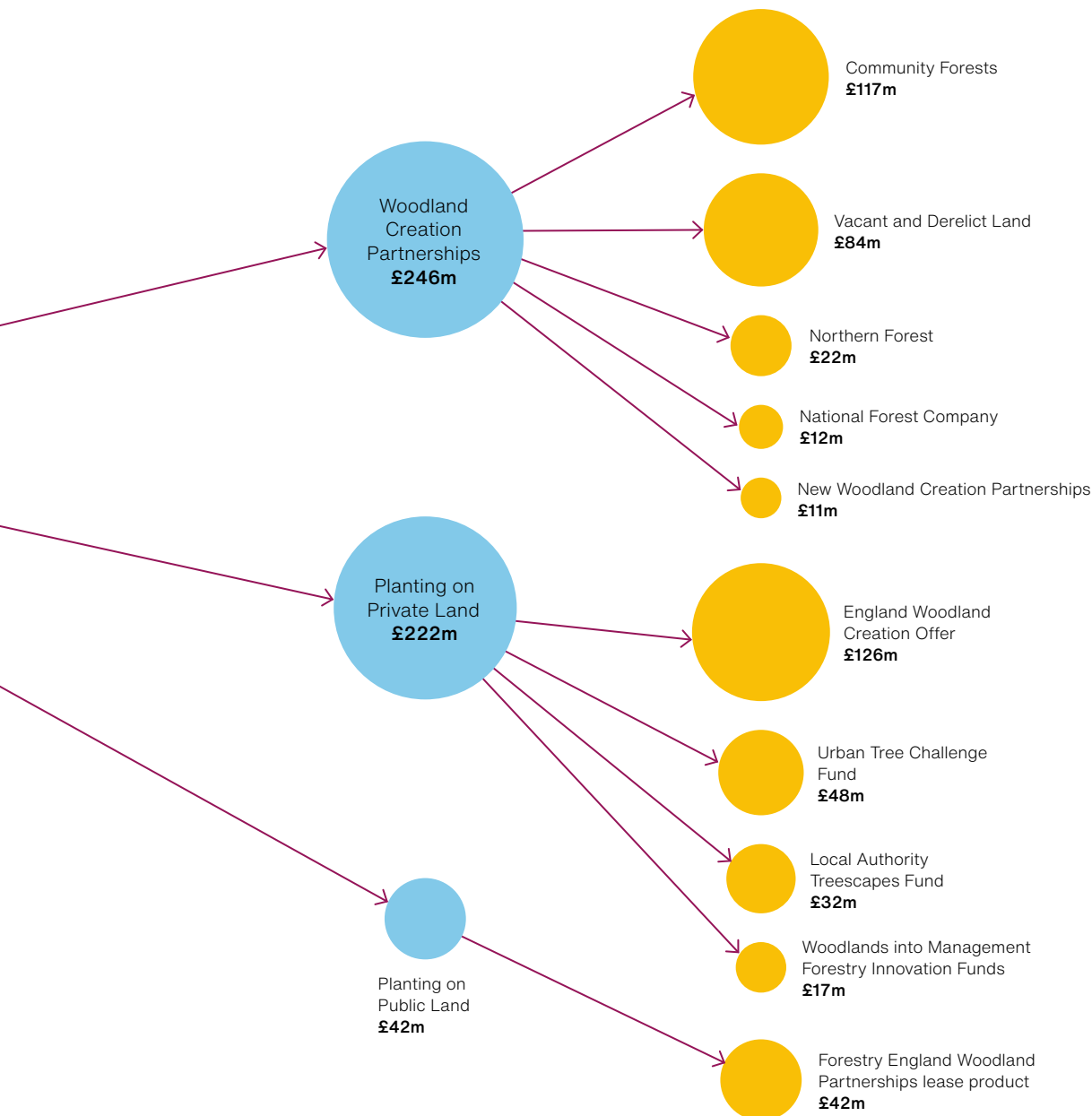
Figure 1

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.

Part One

Establishing the Nature for Climate Fund Tree Programme

1.1 This part of the report sets out the background to the Nature for Climate Fund, the roles and responsibilities and monitoring arrangements for the Nature for Climate Fund Tree Programme (the Programme) and considers the decision by the Department for Environment, Food & Rural Affairs (Defra) to implement the Programme at speed.

The benefits of tree-planting

1.2 Trees provide valuable environmental, social and economic benefits. The government considers planting trees as one of the simplest and most cost-effective ways of capturing and storing carbon and envisages a vital role for trees in achieving the UK's carbon targets. In addition, planting trees can provide a wide range of other benefits and contributes to eight of the 10 environmental goals set out in the government's 25-Year Environment Plan. These wider benefits include:

- **increased biodiversity:** trees and woodlands provide important habitats themselves as well as connecting other wildlife-rich habitats;
- **water management:** establishing trees and woodlands in the right places, for example along and near rivers, presents opportunities for improving water quality and alleviating flood risk;
- **health and well-being:** nature can play an important role in improving well-being and mental health especially when close to and part of the places where people live and work;
- **enhanced landscape:** trees throughout the environment such as wood pastures, ancient trees, scrub, scattered and hedgerow trees can contribute to England's natural beauty and provide important spaces for nature; and
- **economic benefits:** encouraging demand for UK-grown timber can reduce the carbon footprint from imports and reduce emissions by replacing carbon-intensive materials in construction.

1.3 Trees will only achieve this full range of benefits if they are the right species of tree planted in the right place. Planting trees in the wrong place, for example in soil that is already rich in organic carbon, can even have a detrimental effect, as the soil releases more carbon than the trees can absorb in their early years. There are also some trade-offs that need to be managed. For example, trees planted to achieve biodiversity objectives are less likely to produce economic benefits such as through the sale of timber. Also, while conifers are more effective at absorbing carbon, they are less beneficial for biodiversity than broadleaf trees. Defra recognises that there is a trade-off between biodiversity benefits and carbon reduction and that the Programme currently has a strong focus on biodiversity, with the majority of trees being broadleaf.

1.4 Around 13% of the UK (3.2 million hectares) is covered by woodland and in England just 10% (1.3 million hectares). This is low compared with many other developed countries: woodland covers 32% of France's land area, 33% of Germany's and 37% of Spain's.

The government's tree-planting targets

1.5 In June 2019, the government passed legislation committing it to achieving 'net zero' greenhouse gas emissions by 2050. To contribute towards this, the government has committed to increasing tree-planting in the UK to 30,000 hectares, equivalent to between 90 million and 120 million trees per year, depending on planting density, "by the end of this Parliament". This target was based on analysis by the Climate Change Committee (CCC), which advises the UK and devolved governments on meeting their emissions reductions targets, on the changes needed to land-use policy in the UK to maintain a pathway to net zero by 2050.¹ It suggested increasing UK forestry cover from 13% to at least 17% by 2050 by planting around 30,000 hectares or more of broadleaf and conifer woodland each year. This target was also in the Conservative Party Manifesto at the 2019 General Election and was restated in the government's October 2021 *Net Zero Strategy* setting out its approach to tackling climate change. The government plans to consult on a long-term tree target within a wider public consultation on environmental targets, expected in early 2022, to help meet its commitments on climate change and biodiversity.

1.6 Defra aims to create 7,500 hectares of new woodland annually by March 2025, to deliver England's contribution to the UK-wide annual tree-planting target. 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.

¹ Committee on Climate Change, *Land Use: Policies for a Net Zero UK*, January 2020.

The Nature for Climate Fund Tree Programme

1.7 To achieve the government's tree-planting target, Defra has established the Programme to deliver England's contribution to the UK-wide annual tree-planting target. The government first announced the Nature for Climate Fund in the March 2020 Budget, with a total fund of £640 million covering the five years from 2020-21 to 2024-25, of which more than £500 million was to fund trees and woodland and the remainder for peatland restoration. In the 2021 Spending Review, HM Treasury announced a further £124 million, bringing the total funding for trees and peat to £764 million between now and 2025. 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.

Programme objectives

1.8 Defra's objectives for the Programme include putting tree-planting on the trajectory required for the UK to meet the government's net zero target as well as achieving wider environmental objectives, including an aim to create 7,500 hectares of new woodland annually by March 2025 (**Figure 2**).

1.9 Achieving the Programme's objectives will require a step-change in the rate at which new trees are planted in England. At no point in the past 50 years has the annual rate of tree-planting in England reached this planned level of planting and it has only risen above 6,000 hectares in three of the past 50 years (**Figure 3** on page 20).

1.10 Defra initially set an even more ambitious target for tree-planting in England of 10,000 hectares per year by March 2025, which it considered to be the maximum possible. In September 2020, the Infrastructure and Projects Authority (IPA) reviewed the Programme and challenged the deliverability of the 10,000 hectares target with the proposed timeframe, funding and delivery mechanisms. In response, Defra reduced its target to 7,500 hectares per year, which it considered to be viable but still challenging.

1.11 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. Defra told us that it determined that the 7,500 hectares per year target was viable based on available evidence about: historical woodland expansion; potential sector capacity; land availability; and current policy drivers for woodland expansion. But Defra did not undertake a detailed assessment of this evidence, particularly whether historical planting rates could be replicated when trying to achieve the Programme's multiple environmental objectives, which adds to the complexity of increasing tree-planting rates quickly.

Figure 2

The Nature for Climate Fund Tree Programme's (the Programme's) objectives up to March 2025

The Department for Environment, Food & Rural Affairs wants the Programme to put tree-planting on a trajectory towards meeting the government's net zero target and achieve a range of wider environmental benefits

Objective	Quantified ambition
Put tree-planting in England on the trajectory required for the UK to meet government's net zero target	<p>Increasing annual tree-planting rates to 7,500 hectares per year by March 2025.</p> <p>Planting 28,728 hectares of new woodland between 2020-21 and 2024-25.</p> <p>Sequestering 8.75 million tonnes of CO₂ equivalent by 2050.</p>
Contribute to the Nature Recovery Network by creating high-quality habitats that recover wildlife and provide wider environmental, social and economic benefits, including climate mitigation	None.
Restore priority new habitat including on newly created woodlands and restored peatlands, and in adjacent land, particularly in Areas of Outstanding Natural Beauty and National Parks	24,000 hectares.
Deliver a variety of other environmental benefits in support of the 25-Year Environment Plan objectives	<p>Air quality: Achieve additional annual pollutant removal of: 342 tonnes of PM10; 174 tonnes of PM2.5; 109 tonnes of SO₂; 119 tonnes of NH₃; 41 tonnes of NO₂; 2,123 tonnes of O₃.</p> <p>Landscape: Increase the number of houses with a woodland view by 4,155 houses.</p> <p>Biodiversity: Deliver an additional £333 million in biodiversity benefits over the period 2020 to 2069.</p> <p>Recreation: Increase recreational visits to woods by 5.5 million visits per year.</p>
Improve people's access to nature for the benefit of people's physical and mental health and to develop visitor economies by ensuring activity close to where people live	14,000 hectares of trees planted with Nature for Climate Fund funding available for the public to access.
Improve the future financial sustainability of woodland creation by supporting the development of green finance and markets to increase private investment in these nature-based solutions. Support further development of private investment to pay for and support the wider ecosystem services that trees can provide	None.
Position the UK as a global leader on nature-based solutions to climate change, maximising ecosystem services from tree activity	None.

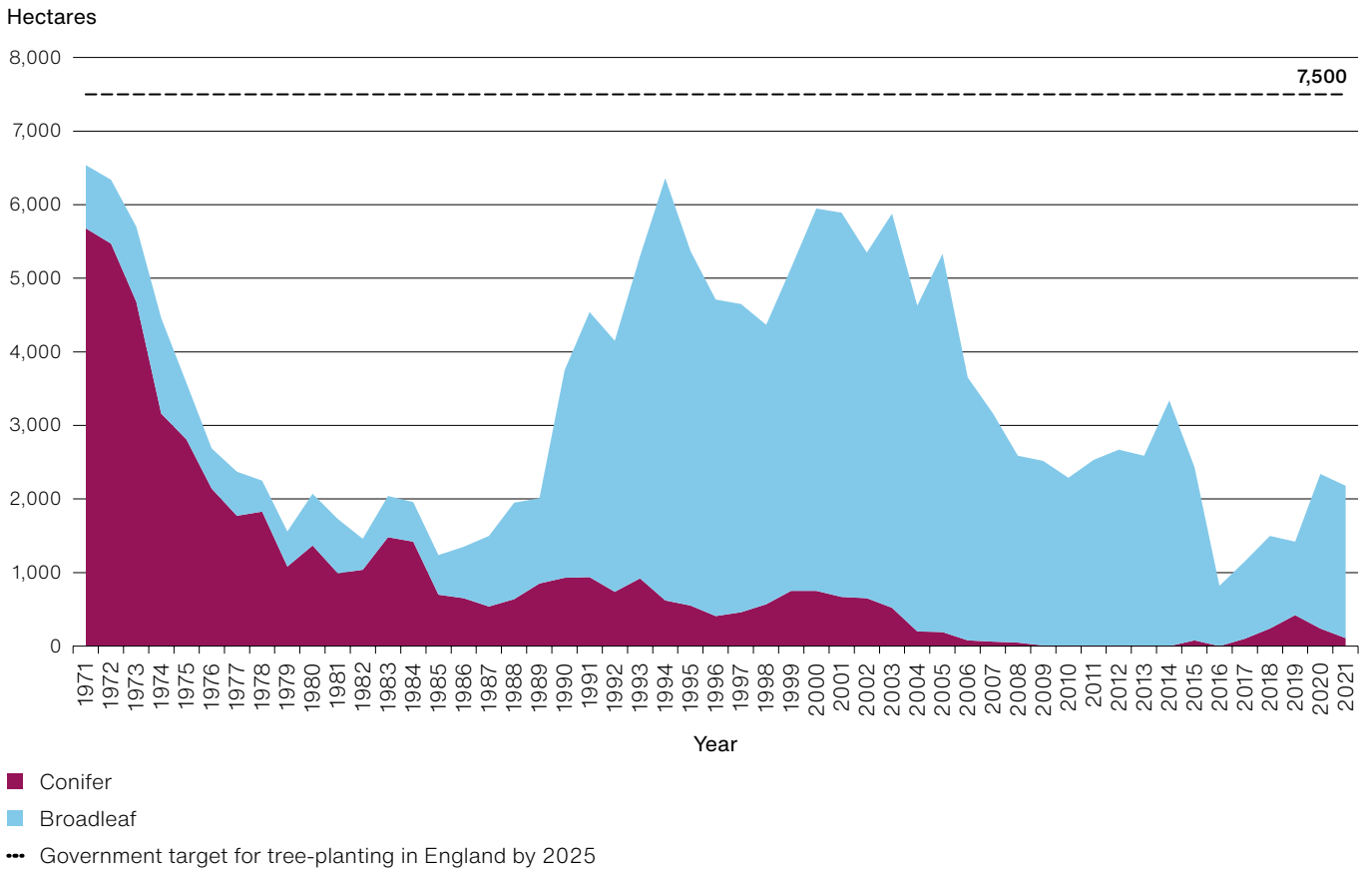
Note

1 The Nature for Climate Fund also includes objectives for peatland restoration which are not included here.

Source: National Audit Office analysis of *Nature for Climate Fund Tree Programme business case*, September 2021

Figure 3
Historic tree-planting rates in England, 1971–2019

In recent decades, tree-planting rates in England have never reached 7,500 hectares per year, the Department for Environment, Food & Rural Affairs’ target for 2024-25



Notes
 1 The figures are for tree-planting in the financial year to March each year.
 2 Figures for 2021 are provisional.

Source: Forestry Commission Woodland Statistics published at: www.forestresearch.gov.uk/documents/8095/planting1976-2021.xlsx

Programme design

1.12 Defra has designed the Programme as a portfolio of projects that increase woodland creation, expansion and management through new partnerships with other public bodies, grants, and advice for landowners. It has organised its portfolio into three tree-planting projects, each with a range of different grant and funding schemes. In addition, Defra has three ‘enabling’ projects covering communications, increasing sector capacity (tree seeds and saplings and a strong workforce) and promotion and engagement (see Figure 1). In its business case for the Programme, Defra determined that a portfolio of offers and initiatives was the best way to create the step-change in planting rates, rather than just relying on a national grant offer, for example.

1.13 Defra has designed the Programme to deliver long-term benefits and ensure the right trees are planted in the right places. It relies on the UK Forestry Standard (UKFS), which was first published in 1998 and is the reference standard for sustainable forest management in the UK. The UKFS considers whether a planting scheme makes sense for the objectives of the landowners and for the soil and biodiversity. It sets out good forestry practice requirements covering general forestry practice, biodiversity, climate change, historic environment, landscape, people, soil and water, which are the basis for assessing planting proposals. The Forestry Commission, a non-ministerial department within the Defra Group, also carries out an Environmental Impact Assessment (EIA) before planting to assess the likely impacts of planting proposals on the environment. The UKFS and EIA Forestry Regulations apply to all UK woodland creation schemes, underpinning design and management of sustainable and multi-functional forests.

1.14 Defra has built additional measures into the design of its grant schemes aimed at maximising the environmental and wider benefits of trees planted:

- **Grant payments that include additional contributions for public benefits:** for example, the England Woodland Creation Offer (EWCO), Defra’s flagship scheme, provides optional additional payments on completion of planting where the woodland’s location and design will deliver public benefits such as flood mitigation or long-term public access, up to a maximum of £8,000 per hectare (**Figure 4** overleaf).
- **Mandating public access and other social benefits:** nearly all schemes under the Woodland Creation Partnerships and Forestry England Woodland Partnerships projects will have public access by default. Community Forests, the Northern Forest and the National Forest Company all place significant emphasis on delivering social benefits.

Figure 4

Available payments under the England Woodland Creation Offer grant scheme, 2020-21 to 2024-25

The England Woodland Creation Offer provides additional payments where the woodland's location and design will deliver public benefits

Payment type	Description of what the payment is for	Payment amount (£ per hectare)
Standard costs	Capital items and activities to establish new woodland, for example trees, gates and fencing	Up to 8,500
Maintenance	Ten years of maintenance payments to help establish the young trees	300 per year
Infrastructure	A contribution to the cost of installing infrastructure to enable woodland management or recreational access	Dependent on agreed amount ¹
Optional additional contributions:	Planting where the location of the woodland and its design will deliver public benefits	
Nature recovery	Woodlands that restore nature and species	1,100 or 2,800 ²
Flood risk	Woodlands that help reduce the risk of flooding	500
Water quality	Woodlands that will improve water quality	400
Riparian buffers	Woodlands along riverbanks that improve water habitat	1,600
Close to settlements	Creating woodlands close to where people live	500
Recreational access	Providing access to woodlands for the public to enjoy	Up to 2,200

Notes

- 1 Infrastructure to support management of the woodland: contribution of 40% of actual costs based on a quote agreed. Recreational infrastructure to provide high-quality new or improved public access: provide 100% of actual costs based on a quote agreed.
- 2 Higher rate (£2,800): available where the new woodland will expand areas of existing native woodland with new native woodland. Lower rate (£1,100): available where the new woodland will create areas of new native woodland or will expand habitat for red squirrel populations.

Source: National Audit Office summary from Forestry Commission's England Woodland Creation Offer grant manual, December 2021

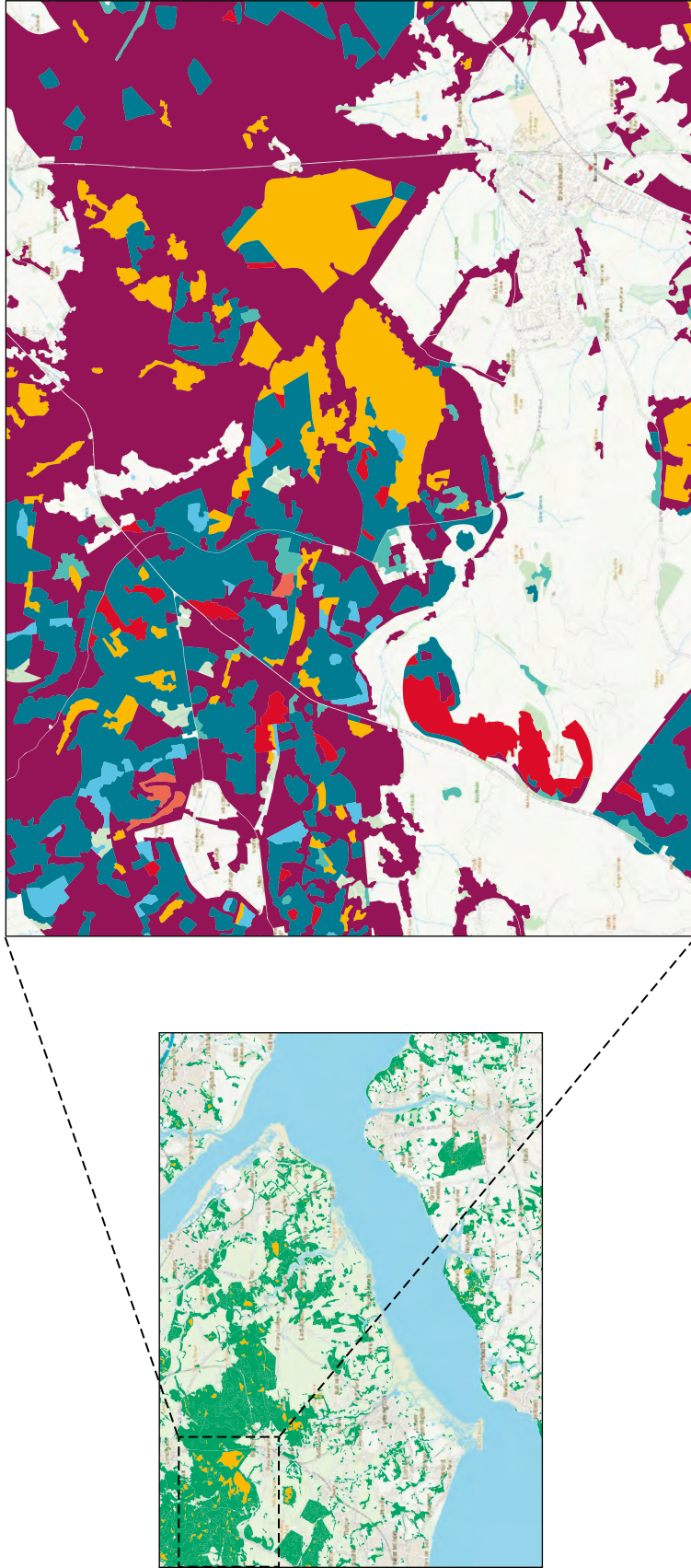
1.15 There are also a range of resources available to landowners to assist them with woodland planning:

- **Mapping tools:** there are various mapping data tools available on the Forestry Commission, Defra and Natural England websites to help identify land that may be suitable for new woodland, although in most cases site visits will also be necessary to validate the mapping information. The Forestry Commission has an interactive map browser to help identify land with no known constraints for new woodlands. For example, it can show flood risk areas and biodiversity and soil information including the location of peatland. Example screenshots of the Forestry Commission maps are shown in **Figure 5** overleaf.
- **Guidance for landowners:** in November 2021, the Forestry Commission published *A guide to planning new woodland in England*. The guide is intended to help with getting approval under the EIA regulations and applying for a woodland creation grant. The guide refers to the UKFS, which woodland creation proposals must comply with, and directs users to other information on aspects such as biodiversity and water to use when surveying a potential planting site. It provides examples of what to show in tree-planting plans.

Roles and responsibilities

1.16 Defra has overall accountability for the Programme including leading on policy, strategy, programme management, communications and stakeholder engagement. The Forestry Commission is Defra's senior delivery partner and is responsible for leading key aspects of the Programme including 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 is a sufficient supply of saplings and a skilled workforce. Defra is also working with several other arm's-length bodies and agencies within the Defra Group (**Figure 6** on page 25).

Figure 5 Example screenshots of Forestry Commission interactive maps: New Forest and the Isle of Wight (2019)



Tier 1 Forestry Commission classification	Tier 2 Forestry Commission classification
■ Non-woodland	■ Broadleaved
■ Woodland	■ Young trees
	■ Coppice
	■ Mixed woodland
	■ Conifer
	■ Felled

Description of the National Forest Inventory

The National Forest Inventory (NFI) woodland map covers all forest and woodland area over 0.5 hectare with a minimum of 20% canopy cover, or the potential to achieve it, and a minimum width of 20 metres. This includes areas of new planting, clear-fell, windblow and restock.

The woodland map excludes all 'tarmac' roads and active railways, and forest roads, rivers and powerlines where the gap in the woodland is greater than 20 metres wide. Data are updated annually from Sentinel 2 satellite, colour aerial imagery and data on new planting from the Forestry Commission or devolved authorities.

Tier 2 classification shown is a selection of those available within the NFI dataset that are part of the tier 1 classification 'Woodland'. Others have been excluded for clarity of presentation purposes and the tier 1 class 'Non-woodland' has been included in the tier 2 map for illustrative purposes.

Source: National Audit Office analysis of Forestry Commission Open Data and contains Ordnance Survey data © Crown copyright and database right (2022)

Figure 6

The roles of the Department for Environment, Food & Rural Affairs (Defra) and its government delivery partners in the England Nature for Climate Fund Tree Programme (the Programme)

Defra is working with several other arm's-length bodies and agencies within the Defra Group

Body	Role and responsibilities
Defra	Has overall accountability for the Programme including leading on policy, strategy, programme management, communications and stakeholder engagement.
Forestry Commission	Leads delivery of the Planting on Private Land project including the England Woodland Creation Offer, Urban Trees Challenge Fund, Local Authorities Treescapes Fund and Woodlands into Management. Also leads on Increasing Sector Capacity, Promotion and Engagement, and Planting on Public Land projects.
Natural England	Develops and implements evidence-led principles for new tree-planting, in partnership with Defra and the Forestry Commission.
Environment Agency	Provides support and advice for planting trees near rivers, in their catchments, and near water resources. Develops targeting maps, data and guidance to support new tree-planting in these areas.
Forest Research	Provides research services relevant to UK and international forestry interests, informing and supporting forestry's contribution to government policies. It provides the evidence base for UK forestry practices and supports innovation.
Forestry England	Aims to expand and develop the nation's forests through opportunities for woodland creation and contributing to the government's action plans on trees, nature and climate.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs governance documents

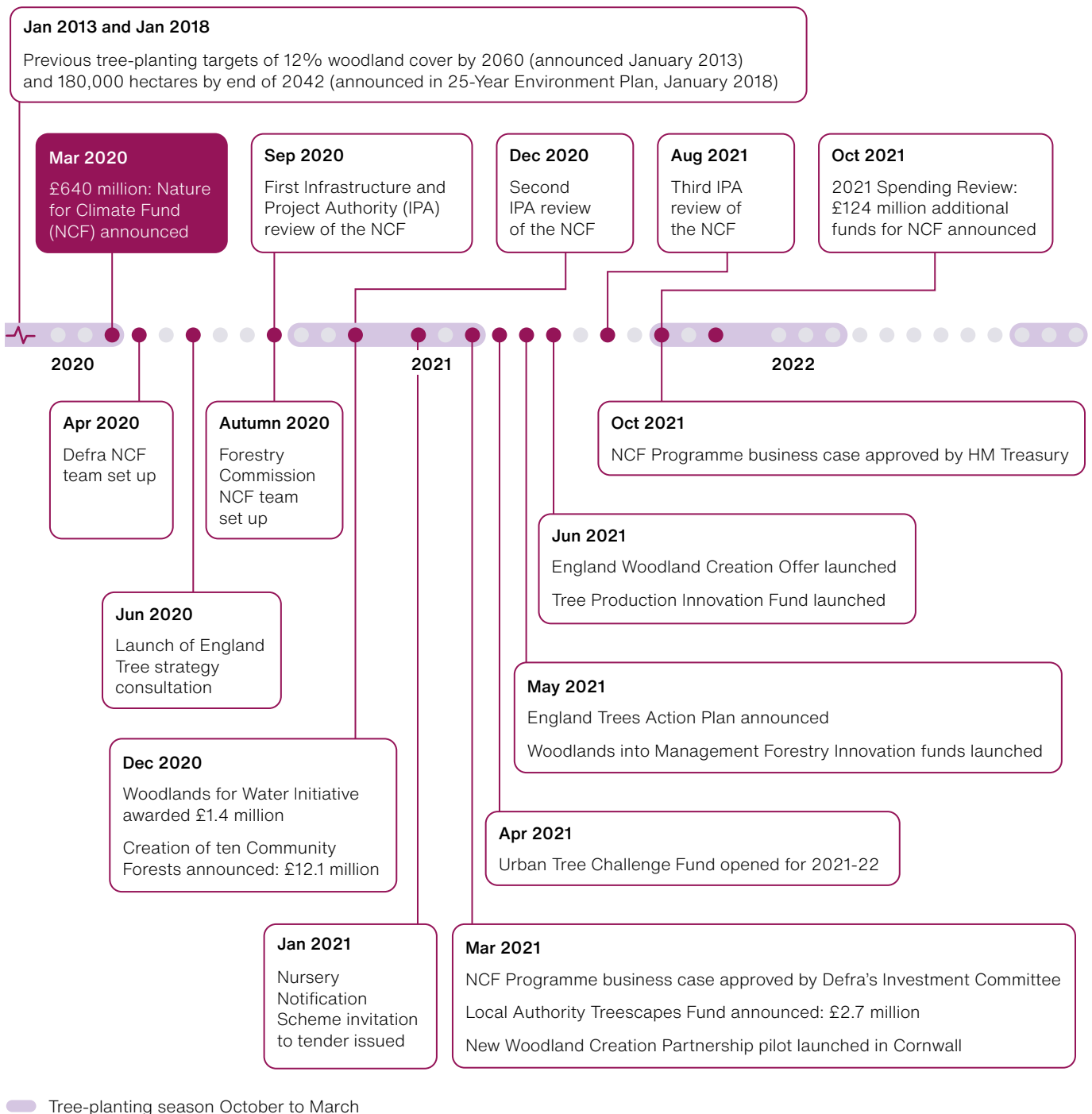
Launching the new projects

1.17 Following the approval of 2021-22 funding in March and April 2021, Defra and the Forestry Commission decided to act quickly to finalise and launch all of its grant schemes within a three-month period to be ready in time for the 2021-22 planting season that began in autumn 2021 (**Figure 7** on pages 26 and 27). Defra and its delivery partners have been working under difficult conditions due to the COVID-19 pandemic, which has diverted resources away from the Programme and has limited site visit opportunities, for example, for assessment of woodland creation proposals. Defra's 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 and delayed the launch of the England Woodland Creation Offer to June 2021 by two months. Nevertheless, Defra and the Forestry Commission teams have expanded rapidly over the past year to accommodate the acceleration in policy design and scheme delivery. Defra started the Programme in April 2020 with a team of eight people and by November 2021 had grown it to 61 people, with seven vacancies remaining. The Forestry Commission core team is now fully resourced with 17 people. It also has 99 additional staff supporting delivery at the local level.

Figure 7

Timeline of the main Nature for Climate Fund Tree Programme (the Programme) activities in England, March 2020–March 2025

The Department for Environment, Food & Rural Affairs (Defra) and the Forestry Commission decided to act quickly to finalise and launch all of the grant schemes within a three-month period



Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs governance documents



Gaps in implementation

1.18 Defra designed and launched its tree-planting schemes in time for the 2021-22 planting season. But this has meant launching with many key components of the Programme still in development.

Monitoring and evaluation

1.19 Defra is still developing its monitoring and evaluation framework. Defra started developing a monitoring and evaluation framework in late 2021, issuing an invitation to tender for the work in October 2021, and aims to have the framework in place by April 2022 after the end of the 2021-22 planting season. Defra acknowledges that the framework should have been established before launching its schemes.

1.20 To ensure tree-planting and wider environmental objectives are being achieved, Defra needs good monitoring information to track progress and identify delivery challenges as they occur. Defra has developed a dashboard to provide summary management information on the Programme and this has been part of monthly reporting to the Programme Board since October 2021. The dashboard shows pipeline information on the trees to be planted and hectares of trees reported as planted compared with targets for each scheme. It also captures some other data, such as applicant type (public or private), location of planned or completed planting, predominant tree types proposed and the extent of public access created.

1.21 Defra's dashboard has some gaps. For example, data on public access for the England Woodland Creation Offer have not been reported to the Programme Board, even though additional payments are available to those offering public access and these data are tracked at a project level. Defra told us that data, for example on species mix and public access are incomplete because these data might not be available for schemes when they first enter the pipeline and before individual tree-planting schemes have been agreed. There are currently no data to show how applications for funding intend to support biodiversity, flood risk alleviation or air quality improvements.

1.22 Our work on evaluation across government has highlighted the importance of prioritising evaluation during the project design phase to maximise learning opportunities and reduce costs of data collection.² Defra's lack of an evaluation framework could limit the lessons learned from the current planting season and the remainder of the Programme that could be fed into the design of future tree-planting policies. These lessons may be lost if the interim monitoring arrangements that are now in place are found to be tracking the wrong parameters.

² Comptroller and Auditor General, *Evaluating government spending*, Session 2021-22, HC 860, National Audit Office, December 2021.

Other gaps in implementation

1.23 Some other critical elements of the Programme are not yet in place:

- **Portfolio management:** Defra has not yet established all the aspects of managing the Programme's activities as a portfolio that we would expect, including understanding the interdependencies between different aspects of the Programme or the coherence of grants on offer to landowners. Plans for each of the Programme's projects are at different stages of development and Defra did not start producing an overarching plan for the Programme that brings these projects together until November 2021. Defra has concerns about the number of grants on offer causing confusion for landowners and is working to address this through a dedicated promotion and engagement project.
- **Stakeholder engagement:** some elements of Defra's plans to engage key stakeholders have been developed late or are still in progress. For example, the Forestry Commission published its guidance for landowners on how to plan new woodlands in November 2021, after the start of the planting season. It has also yet to develop a comprehensive customer relationship management system to help it to manage and monitor its promotion and engagement activity, including supporting the targeting of landowners and monitoring the success of its approaches. In November 2021, the Forestry Commission began rolling out an interim system to help manage and monitor its promotion and engagement activity.
- **Fraud and error:** Defra told us that it expects rates of fraud and error to be low, in line with previous schemes. But there is an increased risk of fraud and error with much more funding available compared with previous schemes, an ambitious tree-planting target, and difficulties recruiting people to undertake monitoring and enforcement (paragraph 2.21). Defra has not developed a specific fraud and error strategy for the Programme but is instead using the fraud risk assessments it has developed for the various grant schemes. A Programme-level fraud and error strategy would allow Defra to prioritise and assess the overall cost-effectiveness of controls to deter and prevent the Programme's key fraud and error risks. In October 2021, the Programme Board accepted a recommendation to bolster expertise to focus on the approach to managing fraud and error and work closely with the central Defra fraud and error and commercial teams. This included a commitment to recruit dedicated resources to counter fraud and error.

Delivering at speed

1.24 Before delivering programmes at speed, departments should determine if speed is necessary and justifiable. They should understand the risks to value for money and include speed as a specific programme objective to provide a clear framework for decision-making and help make trade-offs between speed, cost and outcomes.³

1.25 There is widespread agreement that urgent action is needed to address climate change and biodiversity loss, and trees help to address both, but Defra did not consider whether the risks of implementing at speed were justifiable or if there were potential benefits of launching its schemes later. Although this would have reduced tree-planting in the first year, Defra might have enabled more trees to be planted in the long run if, for example, it had taken more time to test and refine its schemes and ensure it had a robust monitoring and evaluation framework in place before the start to maximise learning from the Programme for future tree-planting programmes. In the context of the several decades it takes for newly planted trees to reach full maturity, a slightly slower launch of the Programme would have had relatively little long-term carbon impact.

1.26 Defra recognised the risk of implementing at speed and has built in some safeguards. In particular, Defra reviews the schemes quarterly and annually with a view to rebalancing its allocation of funding between the various grant schemes and funds and assessing the efficacy of each grant scheme design. The annual review process is a requirement of Defra's Investment Committee and HM Treasury. The quarterly reviews resulted in some minor changes, including increasing funding for the Local Authority Treescapes Fund; the first annual review that took place in December 2021 resulted in no reallocation of funding.

1.27 Our experience of auditing projects implemented at speed shows there are other safeguards Defra could have considered, including:

- having a clearer hierarchy of objectives that would enable trade-offs between speed and quality. Defra has not set out what risks it is willing to accept or how it will trade off quantity and quality of tree-planting, for example whether it would accept a reduction in some benefits to increase others, such as compromising on public access to achieve greater carbon sequestration; and
- ensuring it had the right expertise in place for delivering at speed, drawing on learning from other government projects, such as EU Exit-related work, where speed was also a vital component.

³ Comptroller and Auditor General, *Lessons Learned: Delivering programmes at speed*, Session 2021-22, HC 667, National Audit Office, September 2021.

Part Two

Achieving the Nature for Climate Fund Tree Programme's objectives

2.1 This part assesses how likely the Department for Environment, Food & Rural Affairs (Defra) is to achieve the aims of the Nature for Climate Fund Tree Programme (the Programme) by March 2025. This includes:

- tree-planting in the 2021-22 planting season; and
- the risks that Defra needs to manage in ensuring tree-planting rates increase in the next three years.

The 2021-22 planting season

2.2 In January 2022, Defra forecast that the Programme would deliver between 1,400 and 1,900 hectares during the 2021-22 planting season compared with the 2,577 hectares Defra deemed necessary to be on a trajectory to achieve the target of 7,500 hectares per year by 2024-25.

2.3 In addition to trees already planted (31 hectares), applications amounting to 1,863 hectares were in the pipeline for 2021-22 as at January 2022. Most of these applications were still under discussion with landowners, and only 778 hectares of the pipeline had been agreed. The total planted and agreed pipeline together are equivalent to 31% of the year's target (**Figure 8** overleaf). Some of the remaining applications in the pipeline that have not yet been agreed may not be planted in this planting season, as applicants will not have enough time to source trees, appoint contractors and get other necessary planting arrangements in place.

Figure 8

Progress of the Nature for Climate Fund Tree Programme in England, to January 2022

Scheme	Target 2021-22	Planted	Pipeline agreed	Pipeline under discussion	Planted or agreed pipeline as percentage of target
					To January 2022 (%)
Community Forests hectares (ha)	832	31	260	463	35
England Woodland Creation Offer (ha)	1,221	0	333	376	27
Vacant and Derelict Land (ha)	161	0	0	0	0
Other	362	0	184	247	51
Total (hectares)	2,577	31	778	1,085	31
Local Authority Treescapes Fund (number of trees)	307,677	0	262,750	0	85
Urban Tree Challenge Fund (number of trees)	22,184	0	9,645	6,430	43
Total (number of trees)	329,861	0	272,395	6,430	83

Notes

- 1 The pipeline and planted trees data in the figure show a snapshot of planting data from mid-way through the 2021-22 planting season. These data change monthly.
- 2 The Department for Environment, Food & Rural Affairs has set annual targets for each individual grant scheme. Most of these targets are expressed in area of coverage (in hectares) rather than number of trees. For the Local Authority Treescapes and Urban Tree Challenge Funds, the targets are expressed in the number of trees planted, as trees planted under these schemes are likely to be more dispersed and usually not designed to create new areas of woodland (for example, trees in parkland or lining urban streets).
- 3 The Vacant and Derelict Land scheme is in development.
- 4 Figures may not sum due to rounding.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs management information dashboard

2.4 The Forestry Commission has not been able to process the volume of applications received as quickly as anticipated to allow sufficient time for planting. It attributes this to a shortage of resources within the Forestry Commission and grant applications taking longer than expected to process. Also, the launch of the England Woodland Creation Offer, the Programme's flagship scheme, was delayed, meaning fewer applications could be processed before the planting season. Therefore, some applications have been deferred to the next year's planting season, thereby reducing the pipeline (applications that had been received but not yet agreed for planting) for 2021-22 by around 600 hectares between November 2021 and January 2022. The proposals that have been deferred, if approved, will contribute towards next year's planting. However, the funding associated with the deferred proposals will be lost to the Programme. 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. As a result, Defra anticipates an underspend in 2021-22 of at least £4 million, which will be lost to the Programme. This is equivalent to approximately 11% of the grants the Forestry Commission expected to pay out in 2021-22.

2.5 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.

2.6 Some trees will be planted in 2021-22 through other publicly funded schemes, particularly the Countryside Stewardship scheme, which was the main source of grants for woodland creation and maintenance prior to EU Exit. This scheme closed for applications at the end of 2021 but will fund some trees planted during the 2021-22 planting season. Official Statistics will be published in June 2022 showing all tree-planting during the 2021-22 planting season, including those funded by the Programme and other sources.

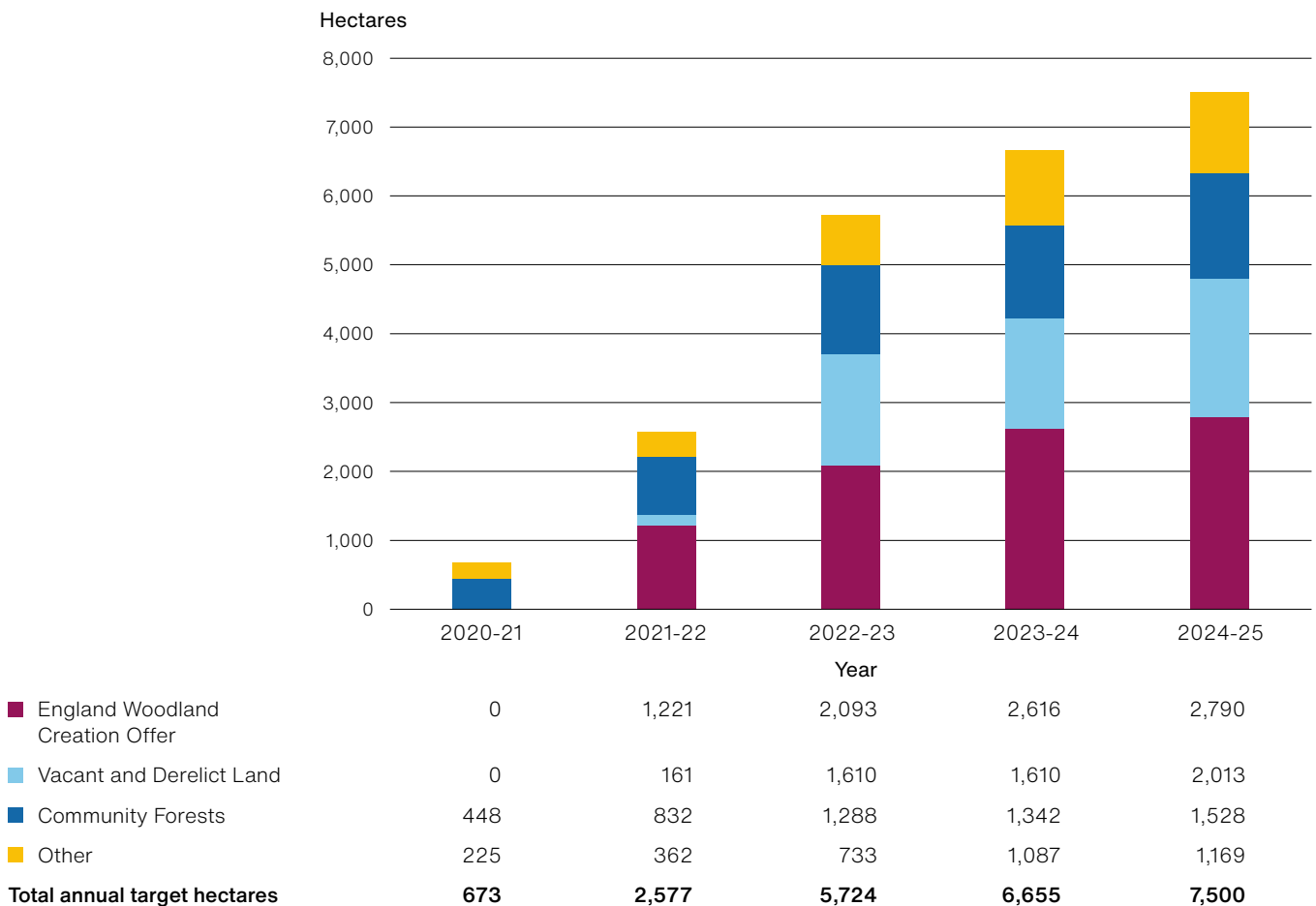
Increasing tree-planting rates

2.7 Beyond 2021-22, Defra expects the Programme to achieve further increases in tree-planting rates over the following three years (**Figure 9** overleaf). It has identified a lack of grant take-up and the availability of saplings among its top risks to achieving this increase. In addition, it will need to ensure other public sector bodies support tree-planting on their land and that there are sufficient people 'on the ground' to promote and facilitate high-quality tree-planting.

Figure 9

Planned trajectory for tree-planting under the Nature for Climate Fund Tree Programme in England, 2020-21 to 2024-25

Most new tree-planting under the Department for Environment, Food & Rural Affairs' (Defra's) planned scenario is expected to come from three schemes: the England Woodland Creation Offer, Vacant and Derelict Land and Community Forests

**Notes**

- 1 These data exclude two schemes which are measured in numbers of trees rather than hectares: the Local Authority Treescapes Fund and the Urban Tree Challenge Fund which are part of the Planting on Private Land Project.
- 2 The Vacant and Derelict Land scheme is in development.
- 3 Figures may not sum due to rounding.
- 4 The figures shown are indicative. Defra has 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.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs Nature for Climate Fund business case

Planting on Private Land

2.8 Defra recognises that achieving its tree-planting target is dependent on landowners deciding to change land use. It estimates that 3.2 million hectares could be suitable for woodland creation in England. However, much of this land is privately owned, and there is significant competition from other uses such as housing development. A range of factors influence landowners' decisions to make their land available for planting trees. These 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. The Climate Change Committee (CCC) envisaged that the actions required to meet net zero targets would entail rapid changes in farming practices to release agricultural land for activities that are beneficial to the environment.⁴

2.9 The main way in which Defra aims to strengthen the incentives on offer is by paying landowners more than was available through previous schemes. For example, the England Woodland Creation Offer (EWCO) aims to cover 100% of the standard costs of tree-planting with grants that could amount to more than £10,000 per hectare, with a minimum area of one hectare. Defra told us that uptake to date indicates average costs of some £8,500 per hectare and that demand for the EWCO has been high. Previously the Countryside Stewardship woodland creation and maintenance grant covered 80% of costs, capping payments at £6,800 per hectare, with a minimum area of three hectares. EWCO also includes additional payments where the location of the woodland and its design will deliver public benefits (see Figure 4). Defra has also set up two 'enabling' projects covering promotion and engagement to promote tree-planting grants, and communication with stakeholders to generate interest around woodland creation. Further, it developed a strategy for promoting woodland creation in readiness to start the delivery phase by autumn 2021.

2.10 Despite the additional payments and promotion and engagement activities, private landowners may be dissuaded from engaging with the new grant schemes because of uncertainty around future government support for tree-planting. Planting trees and creating woodland are long-term business decisions for farmers and landowners. Without clarity over the long-term funding available for tree-planting, many stakeholders told us that landowners were reluctant to commit land to tree-planting. Defra has provided reassurances that those planting trees now will not be disadvantaged by more favourable terms being offered in future schemes. But it considers that uncertainty is deterring land managers from planting now, as they wait for what they perceive may be a more generous offer to come in future years.

4 Committee on Climate Change, *Land use: Policies for a Net Zero UK*, January 2020. Available at: www.theccc.org.uk/publication/land-use-policies-for-a-net-zero-uk/

2.11 Achieving the tree-planting targets is highly dependent on the farming industry being persuaded to play its part. As our report on the Environmental Land Management scheme showed, Defra has a serious challenge to regain the trust of farmers that it lost because of a long history of mismanagement of past agricultural subsidy schemes.⁵

Planting on Public Land

2.12 Defra estimates that it could deliver between 6,000 and 9,000 hectares of new woodland planting on publicly owned land by 2025, both to contribute to tree-planting targets and as an opportunity to test new approaches to planting. Defra has assessed the 554,000 hectares of land under public ownership or management for tree-planting availability. It found many constraints restricting the land available for tree-planting including: Sites of Special Scientific Interest with limited potential for further planting; existing woodland; marshland and peatland not suited to trees; and tenancy agreements making it less possible to influence land use.

2.13 The Planting on Public Land project aims to boost tree-planting and woodland creation on publicly owned and managed land by focusing proactive engagement with large public landowners such as the Ministry of Defence (MOD), Network Rail, National Highways and local authorities, to unlock planting potential on the government estate. The Forestry Commission has been working with a number of departments, including the MOD to identify land for tree-planting. The MOD supports the Programme and is developing a woodland management plan to assess the scale of opportunities and commitments to tree-planting that it could make. It has earmarked land for tree-planting but, due to existing habitat constraints and a primary requirement for military training, a lot of its land is not suitable for tree-planting.

2.14 In a separate scheme, Forestry England, an executive agency of the Forestry Commission, is negotiating 'woodland partnerships' with landowners under which it will lease land for 60–120 years to create and manage large-scale woodlands. This approach removes the need for landowners to become skilled in or employ experts for woodland creation and management. The new woodlands will be cared for by Forestry England for the duration of the lease. Forestry England signed the first woodland partnership with City of York Council in October 2021. The Forestry Commission told us that negotiations are ongoing with other applicants to the partnership offer.

5 Comptroller and Auditor General, *The Environmental Land Management scheme*, Session 2021-22, HC 664, National Audit Office, September 2021.

2.15 Defra and the Forestry Commission acknowledge they have previously found it difficult to get the public sector to give tree-planting the priority it needs. Defra wants tree-planting to be a higher priority in other government departments' policies, such as planning reforms and routing of major transport projects. Defra recently introduced new Greening Government Commitments, which set out the actions UK government departments and their agencies will take to reduce their impacts on the environment in the period 2021 to 2025. To encourage tree-planting on public land these include a commitment for other departments to create and deliver plans to recover nature and reduce emissions through nature-based solutions such as trees on their estates. Defra expects departments to have developed and commenced delivery of their plans by March 2025. Departments are required to publish sustainability reports either as part of their annual report, or separately, and Defra publishes an annual report on progress towards meeting the Greening Government Commitments across government.

Availability of saplings

2.16 Increasing the rate of tree-planting relies on availability of saplings for landowners to plant. Saplings need two to four years of growing time before they are ready to be sold for planting. There are risks associated with importing saplings from abroad, such as bringing in pests and disease. This means the domestic capacity of nurseries to grow sufficient saplings will be vital. The Forestry Commission is developing a Nursery Notification Scheme for spring 2022 to help provide reliable and robust data about the pipeline of demand so that nurseries have the necessary confidence to invest and grow their businesses and reduce the need to destroy healthy trees due to a mismatch between supply and demand. However, it does not expect the system to offer a solution until at least spring 2022, the third year of the Programme.

2.17 Market demand has meant the tree nursery sector is focused on providing conifer species and Defra does not yet know whether the sector is ready for the significant increase in demand, particularly of native broadleaf species needed to help deliver the wider benefits of tree-planting. COVID-19 disruption has also reduced forecast sapling supply by an estimated 10% over the next two to three years. The Forestry Commission told us that there are indications of shortages in home-grown sapling supply for the 2021-22 planting season, but that these are not significant and can be mitigated by importing saplings as a temporary measure. Defra is investing in the Animal and Plant Health Agency's capacity to check imported plants and reduce biosecurity risks from importing pests and diseases.

2.18 Defra has established a programme of work aimed at rapidly increasing domestic supply of seeds and saplings with a budget over four years of £25 million. This has seven components, including enhancing the quantity, quality and diversity of UK-sourced tree seed supply and capital grants for private sector nurseries to enhance productivity and biosecurity.

'On the ground' expertise

2.19 Although there are regulations and guidance to influence a landowner's decisions on what trees to plant where, ensuring these are adhered to requires people with the right skills 'on the ground'. Mapping information is available, but it is necessary to gather and assess site-specific evidence to make decisions about woodland creation plans, as the mapping is only indicative and does not capture small-scale or local sensitivities, such as local wildlife sites.⁶ The UK Forestry Standard sets out minimum conditions for effective planting rather than conditions that maximise wider tree-planting benefits such as water quality, public access, and biodiversity gain. The Forestry Commission views the local knowledge of its staff, forestry agents and relevant stakeholders as critical to planting the right trees in the right place. 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.

2.20 Lack of 'on the ground' expertise is a major risk for the Programme. In January 2022, the Forestry Commission reported 25 vacancies out of 141 tree-planting positions, an 18% shortfall, with the most serious shortfall in qualified foresters working directly with landowners. Recruitment is continuing but the Forestry Commission needs to expand its own workforce and capacity across the forestry sector rapidly in future years. Research commissioned by the Forestry Skills Forum, which includes representatives from the Forestry Commission and a range of other stakeholders, 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.

2.21 The Forestry Commission told us recruitment has been difficult, with a limited recruitment pool and the length of time needed to recruit such roles. It is having to change its approach as it is unlikely to fill all the vacancies and is recruiting people earlier in their careers when they have less experience. It told us it has been training its people and the sector, focusing on woodland creation and the UK Forestry Standard, to know what good schemes look like.

⁶ Forestry Commission, *A guide to planning new woodland in England*, November 2021. Available at: www.gov.uk/government/publications/a-guide-to-planning-new-woodland-in-england

Part Three

Achieving long-term ambitions

3.1 This part sets out the risks the Department for Environment, Food & Rural Affairs (Defra) needs to manage to achieve its longer-term ambitions for tree-planting, including increasing woodland coverage in England to 12% by 2050. This includes:

- ensuring maintenance of new and existing woodlands;
- managing the transition to the Environmental Land Management scheme (ELM), which will be the main source of government support for tree-planting after 2025; and
- ensuring the critical factors are in place to enable a long-term increase in tree-planting can be sustained, such as building a sufficiently skilled workforce and securing private investment.

Maintaining woodlands

3.2 The long-term benefits of planting new trees are at risk if woodlands are poorly planted or maintained. Risks to be managed include:

- pest and diseases killing or affecting the health or growth of trees;
- lack of vertical structure or light resulting from canopy closure from not following thinning or harvesting interventions;
- new growth being damaged by extreme weather;
- bark-stripping by grey squirrels, and deer grazing (particularly for broadleaf species), which can stunt growth or kill the tree outright;⁷
- unmanaged woodland underbrush, which may increase fire risk in summer, compounded by a lack of the deliberate firebreaks and rides found in larger managed woodlands; and
- propagation of invasive species going unchecked: invasive species may out-compete newly planted native and rare species.

3.3 To help realise the benefits of trees planted through the Nature for Climate Fund Tree Programme (the Programme), all woodland creation grants pay for maintenance to varying degrees (**Figure 10** overleaf).

⁷ Even when growing above the deer browse line, saplings may be damaged or destroyed by deer activity during the rut or when scraping velvet from antlers.

Figure 10

Woodland maintenance payments through Nature for Climate Fund Tree Programme schemes in England, 2020-21 to 2024-25

Grant/fund	Woodland maintenance element
England Woodland Creation Offer	Ten years of payments of £300 per hectare per year after planting.
Urban Tree Challenge Fund and the Local Authority Treescapes Fund	Maintenance payments for three years. The shorter maintenance period is because only large 'standard' trees will be planted which Forestry Commission is confident are capable of successful establishment after three years, without the need for substantial intervention thereafter.
Forestry England Woodland Partnership Lease Product	Guarantees the landowner that woodland will be managed for the duration of the lease.
Woodland Creation Partnerships such as Community Forests	Include tree maintenance, although it is not clear for how long.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs and Forestry Commission grant documents

3.4 Defra has not yet finalised its plans for how effective maintenance of new and existing woodland will be enforced in the longer term. Under the England Woodland Creation Offer (EWCO), the first five years of annual maintenance payments will be paid automatically, and applicants will then need to claim again for payments in years six to 10. The Forestry Commission is planning inspections of a sample of EWCO sites at the point of claim, and then in years five and 10.⁸ Defra will need to determine how the necessary regulatory and enforcement arrangements for EWCO and its other tree-planting schemes will work when tree-planting is part of ELM from 2025 and that the ELM inspection regime is supported by the appropriate forestry expertise to identify poor management when it occurs.

3.5 As well as maintaining new woodland, it will be vital to ensure that management of existing woodland is improved. Failure to do so will cause environmental damage that would offset the benefits of the new woodland being created. As of June 2021, 58% of English woodland, totalling 764,000 hectares, was in sustainable management but the figure drops to just 50% when excluding forests managed by Forestry England.⁹ This figure has remained largely unchanged (between 49% and 51%) since 2015. In May 2021, to bring more existing woodland into management, the Forestry Commission launched a £10 million Woodland into Management scheme. It aims to bring 20,000 hectares out of the 556,000 hectares of woodland which are not sustainably managed into management by 2024-25.

⁸ The inspections will comprise a risk-based selection of at least 4% of all EWCO agreements approved each quarter, and a random selection of 1% of agreements approved each quarter.

⁹ Forestry Commission definition of 'sustainably managed' is woodland managed to the UK Forestry Standard that has a Woodland Management Plan, or for which the Forestry Commission has made a previous grant or felling licence in the previous 15 years.

3.6 Defra told us that bringing existing woodland into management has been a lower priority in the first year of the Programme 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 Forestry Commission's enforcement powers to help it further protect England's woodlands, including ancient woodlands, from illegal felling.

Transition to ELM

3.7 Prior to EU Exit, grants for tree-planting were available through the Countryside Stewardship woodland creation and maintenance grant. This scheme closed for applications at the end of 2021 and was replaced by the EWCO. From 2025, all tree-planting activity will be delivered through ELM, part of the wider Future Farming and Countryside Programme, which is Defra's replacement for the EU's Common Agricultural Policy. When ELM is fully launched in 2025, it will offer financial payments to farmers and other landowners for providing environmental benefits on their land.

3.8 The design of ELM is at an early stage and this is hampering Defra's ability to develop detailed longer-term plans for tree-planting. According to the current timetable for ELM, piloting will commence in 2023, and it will not be entirely clear how the scheme will work until at least 2024.¹⁰

3.9 Uncertainties remain around the relative priority of tree-planting compared with the other areas covered by ELM and the consequent funding that will be available. The business case for ELM contains a list of objectives, including one to deliver 10,000 hectares of new woodland per year, but they cannot all be achieved within the budget available under ELM. Funding for tree-planting will not be ring-fenced within ELM and farmers will be able to choose between tree-planting and other environmental activities that may be more attractive to them or better suited to their business.

Increasing tree-planting rates beyond 2025

3.10 Achieving the government's target to increase woodland coverage in England to 12% by 2050 will require tree-planting rates to increase significantly after 2025. Defra has not set out its trajectory beyond 2025. In its June 2021 progress report, the Climate Change Committee said that Defra should work with the devolved administrations to set out targets for woodland creation beyond 2025 and recommends further increases in planting to reach 50,000 hectares a year across the UK by 2035.

¹⁰ Comptroller and Auditor General, *The Environmental Land Management scheme*, Session 2021-22, HC 664, National Audit Office, September 2021.

3.11 To continue increasing tree-planting rates beyond 2025 will require significant expansion and fundamental changes in the wider sector and society. These include:

- **nursery capacity:** the supply capacity in the nursery sector will need to expand significantly to keep pace with the required saplings as tree-planting increases in the coming years;
- **skilled workforce:** some of the relevant skills can be quickly learned, such as tree-planting and fencing, but most take years of experience to develop following degree-level education in forestry or related disciplines, for example woodland creation planning. However, survey research shows a lack of confidence in training and skills provision in the sector. The research shows forestry skills provision is dominated by micro-businesses, skills training is expensive and demand is low, which drives poor provision. Furthermore, forestry skills are undervalued despite forest workers needing to be highly skilled. Defra lists a lack of forestry courses as a key Programme delivery risk: there is one university in England offering degree-level forestry education and two colleges offering courses to become technically skilled forestry operatives;
- **private sector investment:** Defra acknowledges that its longer-term goals can only be met through greater investment by the private sector in woodland creation. This is particularly important given the uncertainty over public sector resources for tree-planting in the long term;
- **public engagement:** there needs to be widespread support for all forms of woodland creation and an acceptance from communities and woodland partnerships that their landscape will change; and
- **regulation:** in order to meet increasingly ambitious targets, there may be pressure to relax regulatory processes in some areas of the country leading to less scrutiny of planting proposals. A balance will be needed between the scale of regulatory enforcement and avoiding poorly designed woodlands with negative impacts on landscape, the natural environment, the historic environment and local rural economies and communities.

3.12 In the short term, Defra is funding projects aimed at beginning to address these long-term risks, but these are relatively small compared with the money it is spending to directly support tree-planting. This includes, for example, £25 million to increase the availability of tree seeds and saplings and to facilitate a wider range of species and provenances available to those planting new woodlands or restocking existing woods and a £5 million innovation fund to overcome inefficiencies in the supply system and improve the quality and diversity of stock available. The Forestry Commission is developing a forestry skills hub to link up to try to create the training offers available and raise the profile of forestry careers and is scoping the idea of a forestry training hub.

3.13 Other schemes are yet to be launched, such as a £30 million Big Nature Impact Fund to incentivise private sector green investment including through woodland creation, which it expects to launch in summer 2022. Defra acknowledges it lacks expertise in attracting and managing private finance and the need for a more systematic approach to securing private investment.

3.14 Defra's focus has so far been on short-term delivery. The England Trees Action Plan covers the period from 2021 to 2024, with more than 90 actions to be completed before the end of this Parliament, but it contains very few details about the government's longer-term approach to tree-planting. Its detailed project schedules include very few activities with end dates beyond 2022 and only three (out of more than 200) with end dates beyond 2024. Defra also lacks a clear picture on what its 'enabling' projects should have achieved by 2025. It does not indicate clear targets or measures of success, for example the extent of increased supply its activities will produce and by when.

3.15 Defra told us that its focus for the first year of the Programme has been to get the foundations of woodland creation in place and that it will refine its approach as tree-planting moves into ELM. This means issues such as sector skills were not a priority in the first year of the Programme. However, its short-term planning horizon and a lack of a clear vision of what the Programme will look like in the long term could mean that the wrong foundations are being put in place and will need to be rebuilt.

3.16 In October 2021, Defra initiated the Future Forestry Project aimed at identifying a package of policy options to sustainably increase woodland creation rates from 2025 up to 2050. The project includes reviews of journal articles and reports on tree-planting and of international best practice and policy discussion workshops with a range of stakeholders including academics and industry experts.

Appendix One

Our audit approach

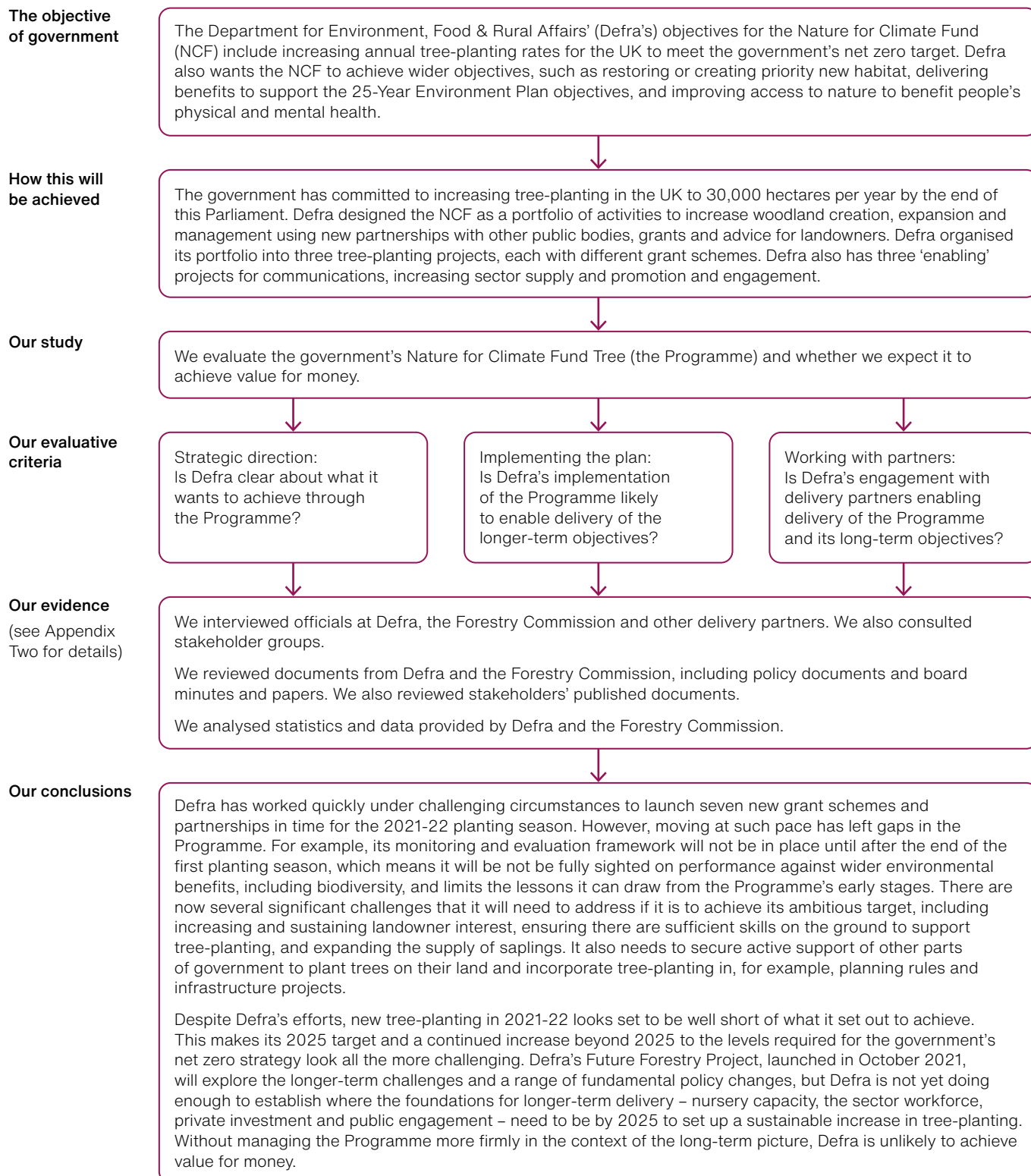
1 This report evaluates the government's Nature for Climate Fund Tree Programme (the Programme) and whether we expect it to achieve value for money. It examines this in three parts:

- Part One sets out the background to the Programme, the roles and responsibilities and monitoring arrangements for the Programme and considers the decision by the Department for Environment, Food & Rural Affairs (Defra) to implement the Programme at speed.
- Part Two assesses how likely Defra is to achieve the aims of the Programme by 2025, including the trees already planted and the risks that Defra needs to manage in ensuring tree-planting rates increase in the next three years.
- Part Three sets out the risks that Defra needs to manage to achieve its longer-term ambitions for tree-planting, including increasing woodland coverage in England to 12% by 2050.

2 Our audit approach is summarised in **Figure 11** and our evidence base is described in Appendix Two.

Figure 11

Our audit approach



Appendix Two

Our evidence base

1 We reached our independent conclusions following an analysis of evidence collected between August 2021 and February 2022. Our main methods are outlined below.

Interviews

2 We conducted semi-structured interviews with officials at the Department for Environment, Food & Rural Affairs (Defra), Forestry Commission, Environment Agency, Natural England and HM Treasury. We conducted 20 interviews with Defra and Forestry Commission staff. The interviewees covered a range of job grades and areas of responsibility, such as: the director and deputy directors responsible for the Nature for Climate Fund Tree Programme (the Programme) and project leads responsible for specific work areas.

3 We used these interviews to understand Defra's strategic direction for the Programme and whether it is clear about what it wants to achieve; Defra's implementation of the Programme and its likelihood of enabling delivery of the longer-term objectives; and how Defra is engaging with its delivery partners to enable delivery of the Programme and its objectives. We also used these interviews to identify relevant documentary evidence.

4 We discussed Defra's approach to the Programme with a range of stakeholders and academics concerned with tree-planting, including:

- Climate Change Committee
- Confederation of Forest Industries
- Country Land and Business Association
- Land, Environment, Economics and Policy Institute, University of Exeter
- Green Alliance
- Institute of Chartered Foresters
- Linking Environment and Farming
- Local Government Association

- National Farmers' Union
- National Trust
- The Rivers Trust
- The Royal Forestry Society
- The Tree Council
- Wildlife and Countryside Link
- Woodland Trust
- University of Birmingham's Institute of Forest Research

Document review

- 5** We reviewed key documents including:
- the organisation and governance charts at Defra and the Forestry Commission concerning the Programme;
 - meeting minutes, papers and terms of reference of Defra and Forestry Commission boards comprising the Programme governance arrangements;
 - key business case submissions and supporting annexes concerning the Programme;
 - policy, strategy and project documents concerned with the Programme; and
 - key Programme monitoring reports.

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