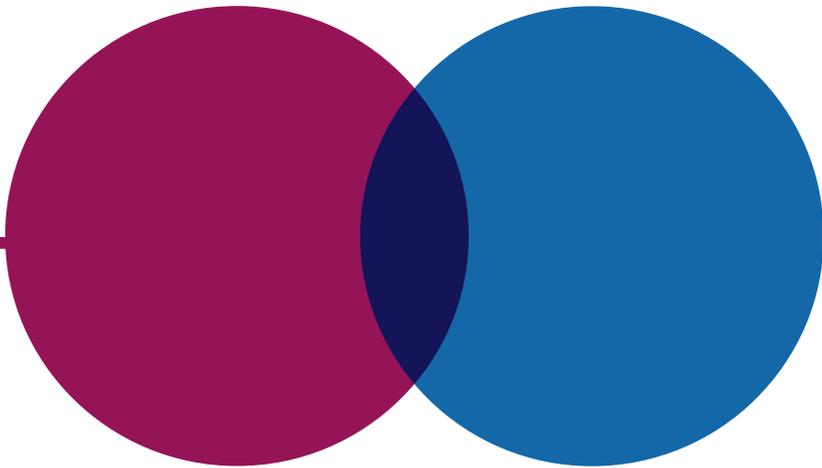




National Audit Office



REPORT

The Nature for Climate Fund

Department for Environment, Food & Rural Affairs

SESSION 2024–2026
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HC 1743



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The Nature for Climate Fund

Department for Environment, Food & Rural Affairs

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 19 March 2026

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National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

13 March 2026

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Key facts

14.9%

of land area in England is covered by trees, of which 10.2% is woodland – this is one of the lowest in Europe

80%

of peatland in England is in dry or degraded condition – this results in greenhouse gas emissions, currently estimated to be about 2% of England's total annual emissions

The government wants to increase the amount of land covered by trees and improve the condition of peatland, to support its ambitions for net zero and environmental improvement. To support this, the Department for Environment, Food & Rural Affairs (Defra) set up the Nature for Climate Fund Programme (the Programme).

From 2020-21 to 2024-25, the Programme delivered:

6,324 hectares of tree planting directly funded by the Programme in 2024-25 – this was the highest annual total directly funded by the Programme (84% of the 7,500 hectares of new tree planting a year by 2024-25 target). Overall total planting in England that year was 7,162 hectares (95% of the target).

15,268 hectares of tree planting directly funded by the Programme – this was 53% of the Programme's cumulative target of 28,728 hectares for tree planting for the period. Total tree planting in England was 21,186 hectares (74% of the target).

23,526 hectares of restored peatland – this was 67% of the Programme's cumulative target of 35,000 hectares for peatland restoration for the period. Total peatland restoration in England was 26,426 hectares (76% of the target).

The Programme:

spent £707 million, an underspend of 24% against its allocated funding of £924 million from 2020-21 to 2024-25.

was expected, in its 2021 business case, to achieve benefits equivalent to £5.10 for every £1 spent from 2020-21 to 2024-25, which Defra categorised as very high value for money. Defra does not yet know if this has been achieved for the full period with a final evaluation due in 2026. It is working to improve its monitoring of key benefits such as carbon capture and emissions reduction, improved air quality, biodiversity and wellbeing for people.

was extended by one year for 2025-26 while Defra decided how to fund and deliver future tree planting and peatland restoration activities. Defra provided a further extension for the Nature for Climate Peatland Grant Scheme for 2026-27 and is currently developing plans for tree planting to 2030.

Summary

- 1** Healthy trees and peatland reduce greenhouse gas emissions to the atmosphere by capturing and storing gases, such as carbon dioxide. This makes them important contributors to achieving the government's statutory target of net zero greenhouse gas emissions by 2050. Trees and peatland also provide other environmental and social benefits, such as – increased biodiversity, soil conservation, flood risk alleviation, recreational opportunities that support mental and physical wellbeing, and economic opportunities.
- 2** In 2022 (the latest data available), tree canopy covered 14.9% of England's land area. For woodland only, the figure is 10.2%, much lower than other countries in Europe such as France (32%), Germany (33%), Italy (33%) and Spain (37%). Peaty soils covered around 8.5% of England's land area. Natural England has estimated that around 80% of these peatlands are in dry and degraded states, resulting in them emitting greenhouse gases into the atmosphere, currently estimated to be about 2% of England's total annual emissions.
- 3** The government's Environment Improvement Plan 2023, and update in December 2025, set out the government's long-term targets for tree planting and peatland restoration established under the Environment Act 2021. These are to, by 2050, increase tree canopy and woodland cover to at least 16.5% of total land area, and restore approximately 280,000 hectares of peatland.
- 4** The Department for Environment, Food & Rural Affairs (Defra) has overall responsibility for forestry and peatland policy in England. Defra announced the Nature for Climate Fund Programme (the Programme) in March 2020 to provide funding for tree planting and management, and for peatland restoration, in England. The Programme's senior delivery partners are the Forestry Commission, which is responsible for protecting, expanding and promoting sustainable management of woodlands, and Natural England, which delivers the Nature for Climate Peatland Grant Scheme.

5 As well as its senior delivery partners, the Programme's activities rely on participation from a range of other delivery partners and stakeholders including:

- community forests (which work with local communities, landowners and businesses to create woodland and plant trees near towns and cities) and other forestry stakeholders;
- peat partnerships (involving National Parks, National Landscapes, environmental charities and other groups who work with landowners to restore peatland);
- landowners;
- local authorities; and
- third-sector organisations.

6 Defra set the Programme headline targets to plant 28,728 hectares of trees and restore 35,000 hectares of peatland from 2020-21 to 2024-25, and to reach tree planting rates of at least 7,500 hectares per year by 2024-25. To support implementation, the Programme established projects to develop sector capacity, and in 2021 Defra published action plans for trees and peat in England. Defra intended for the Programme to test different approaches to funding and delivery, including blending public and private finance. Defra initially set the Programme up to run for five years (2020-21 to 2024-25), in which time it spent £707 million of its £924 million budget. Defra extended the Programme for one year for 2025-26.

Scope of the report

7 This report examines what Defra and its delivery bodies have achieved through the Programme, now that the funding period has ended. It follows our 2022 report *Planting Trees in England* which provided an early evaluation of Defra's management of the tree planting elements of the Programme.¹

8 We assess:

- progress against the Programme's targets for increasing tree planting and peatland restoration, and its objectives for delivering wider benefits;
- how Defra set up the Programme; and
- the barriers that remain for maximising participation in tree planting and peatland restoration activities.

¹ Comptroller and Auditor General, *Planting Trees in England*, Session 2021-22, HC 1140, National Audit Office, March 2022.

9 Tree planting and peatland restoration received further government funding up to 2030 as part of the 2025 Spending Review, and a significant increase in activity will be needed for the government to achieve its 2050 targets and wider environment and climate ambitions. This report includes recommendations to support Defra and its delivery bodies to identify learning that will help set up future programmes for success and reduce barriers to participation.

10 This report focuses on setup and delivery at the programme level and does not assess the relative success of individual projects and schemes within the Programme.

Key findings

Progress against the Programme's objectives

11 A slow start and less demand than expected resulted in the Programme underspending by 24% over the initial five years. Early capacity limitations and delays approving grant schemes meant the rollout of schemes was slower than planned. This slow start, combined with late cancellation of some grant schemes and lower demand for grants than Defra anticipated, resulted in the Programme underspending. From 2020-21 to 2024-25, the Programme spent £707 million against its £924 million total budget allocation; an underspend of £217 million (24% of budget). Annual underspends reduced in later years, which Defra told us was due to improved financial management and switching funding to more successful elements of the Programme (paragraph 1.4 and Figure 3).

12 The Programme led to a substantial increase in tree planting and peatland restoration activities in England. From 2020-21 to 2024-25, the Programme funded 15,268 hectares of tree planting out of a total of 21,186 hectares planted in England over this period. This compares with 7,750 hectares planted in England over the previous five-year period (2015-16 to 2019-20). For peatland, the Programme funded 23,526 hectares of restoration, higher than previous government schemes and historic levels of restoration. Peat partnerships told us the Programme enabled them to substantially increase their restoration activities (paragraph 1.5 and Figure 4).

13 Despite progress, the Programme did not meet Defra’s headline targets for tree planting or peatland restoration, and the government will not meet its 2050 targets without a further significant increase in activity. Defra set ambitious targets to put tree planting and peatland restoration on a trajectory consistent with its longer-term targets and recommendations by the Climate Change Committee. Defra considers that the Programme will have also influenced additional activity beyond that which it directly funded.

- Defra set a target to reach 7,500 hectares of new tree planting a year by 2024-25. Directly funded delivery that year was 6,324 hectares, the highest achieved by the Programme, but 84% of the target. Overall total planting in England was 7,162 hectares (95% of the target).
- From 2020-21 to 2024-25, the Programme directly funded 15,268 hectares of tree planting (53% of its cumulative total target, or 74% when accounting for all tree planting in England).
- Over this five-year period, the Programme directly funded 23,526 hectares of peatland restoration (67% of its cumulative target, or 76% – 26,426 hectares – when accounting for all restoration activity in England).

In part, the Programme did not achieve its cumulative targets because they were intentionally ambitious and Defra underestimated the scale of the challenge to deliver the rapid land use change required. The government’s longer-term targets will require tree planting and peatland restoration to increase to around 9,000 and 10,000 hectares a year respectively (paragraphs 1.6, 1.7 and 1.18, and Figures 5 and 6).

14 Defra is working to improve its monitoring of outcomes and understanding of value for money, and how it can most effectively achieve the intended benefits of future programmes. Defra’s 2021 programme business case assessed that – based on target levels of activity – the overall Programme should achieve benefits worth £5.10 for every £1 spent, which it categorises as very high value for money. Defra set the Programme targets for a range of widely recognised benefits of nature restoration, such as carbon sequestration, improved air quality and biodiversity, and public access to woodland. It has an ongoing programme of evaluations and research to monitor the actual benefits achieved. Its estimates do not yet cover the full range of outcomes, or the full five-year period, but it expects to include these in its final evaluation due in 2026. It has also recognised limitations in its current approach due to gaps in data, including tree survival rates and their impact on the eventual tree density, which is essential to achieving the benefits (paragraphs 1.8 to 1.13).

15 Some momentum built by the Programme over the last six years has been lost during a period of uncertainty about Defra’s plans beyond March 2026.

Defra’s original plan was for the Programme to transition into the Farming and Countryside Programme (FCP) in March 2025. This did not happen, in part because of uncertainty over the future structure of the FCP. Defra extended the Programme by one year to 2025-26, and more recently extended the Nature for Climate Peatland Grant Scheme further to 2026-27, and is developing plans for tree planting to 2030. Defra told us the uncertainty was affected by the 2025 Spending Review and internal business planning processes, and that it had looked to provide the delivery partners it depends on with as much certainty as possible. Despite this, several organisations highlighted to us their uncertainty about Defra’s future plans and told us momentum was being lost. Some peat partnerships were also uncertain about Defra’s plans to move most peatland restoration funding to its Landscape Recovery scheme. Uncertainty over future funding mechanisms makes it more difficult for landowners and contractors to make investment decisions with confidence. Continued momentum will be important to support the government’s longer-term targets (paragraphs 1.14 to 1.18).

Setting up the Programme for success

16 Capacity constraints in key delivery bodies affected early progress.

Forestry Commission and Natural England experienced staff shortages during the early stages of the Programme. This contributed to several issues: delayed payments of grant claims; lack of capacity and capability to support stakeholders by, for example, answering queries; and guidance not being in place, particularly in the early stages of the Programme. Vacancy rates reduced over time, although the Forestry Commission told us it is now seeing skills gaps again due to funding constraints (paragraphs 2.2 and 2.3).

17 Defra recognised the capacity of the wider sector as a constraint for tree planting and supported activities to increase capacity, but this remains a risk for future delivery.

Defra set up ‘enabling’ projects that funded training and apprenticeships to increase the forestry workforce. It also provided grants to support investment and innovation in the tree nursery sector. A number of forestry sector stakeholders told us the Programme helped to increase capacity. Defra acknowledges that shortages of forestry skills are a key risk to achieving future tree planting objectives. It published a joint sector plan for 2025–2035 to address existing skills and labour gaps and create a forestry workforce that can meet long-term demand. Peat partnerships highlighted to us increased workforce and activities because of the Programme, but a report commissioned by Natural England in 2025 flagged concerns over contractor capacity (paragraphs 2.4 to 2.6 and Figure 7).

18 Defra considers carbon reduction and biodiversity to be equally important aims of tree planting because both outcomes contribute to statutory targets.

The benefits of tree planting differ depending on the type of tree, its location, and how it is planted and looked after. Defra's programme business case set out the benefits it expected the Programme to deliver through tree planting, including carbon sequestration, improving biodiversity and flood prevention. Defra told us it had looked to develop a balanced programme in line with UK forestry guidance and provided incentives for certain types of planting. Budget underspends mean Defra has not needed to actively prioritise between different objectives. Future tree planting may require clearer prioritisation between carbon sequestration and timber production, for which conifer planting is most effective, and wider environmental and societal benefits, for which broadleaf planting is most effective. In the 2024-25 planting season, only 12% of trees planted were conifers compared with an ambition of 30% to support the government's wider statutory targets for net zero and biodiversity (paragraphs 2.7 to 2.9).

19 There are examples where the Programme's objectives risk being undermined by a lack of wider policy alignment.

Tree planting or restoring peatlands are among many options that landowners have over how they use their land, and the government has not set clear priorities for land use, which creates uncertainty for landowners. The previous government initially promised to publish a Land Use Framework in 2023 and the government now expects to publish in 2026. The lack of clear vision and priorities also creates tensions between these activities and other government aims, such as food production, renewable energy generation or house building. There are tensions in specific areas; for example, peat partnerships told us applications to build onshore wind turbines on upland peatland have increased, which could damage the peatland. Forestry sector stakeholders also told us the value for money of planting trees is undermined by large deer populations that can eat saplings, and the lack of a deer management strategy until February 2026. Defra told us it has supported the forestry sector to help manage deer through grants for fencing and a dedicated team of Forestry Commission Deer Officers (paragraphs 2.10 to 2.12).

Reducing barriers to participation to increase delivery in the future

20 Defra, Natural England and the Forestry Commission's positive approach to stakeholder engagement helped identify issues and improve the Programme over time.

Defra, Natural England and the Forestry Commission convene regular forums with grant recipients that offer an opportunity to provide feedback. Peat partnerships and forestry sector stakeholders told us Natural England and the Forestry Commission built good relationships, improved engagement over the Programme and demonstrated willingness to respond to feedback. For example, Natural England introduced dedicated officers to support claims and payments early on as well as interim payments for the third year to help peatland grant recipients manage cashflow challenges. The Forestry Commission introduced a fast-track application process for the England Woodland Creation Offer, amended payment rates to better reflect the costs incurred by landowners on some schemes, and adjusted criteria for innovation projects, which improved uptake (paragraphs 3.3 to 3.5).

21 Defra has started using evaluations and research to reduce barriers to participation and learn lessons for future programmes.

Defra's and Natural England's evaluation processes have allowed them to make improvements to reduce barriers to participation, such as streamlining the number of different grants. It has also informed their understanding of the effectiveness of different approaches to funding and delivery. Defra funded small-scale pilot projects, delivered by Natural England and the Environment Agency, to explore options to improve water management and to support more sustainable land-use activities in lowland agricultural peat regions (high greenhouse gas-emitting areas where peatland restoration and improvement activities are expected to increase). From 2020-21 to 2024-25, Defra also invested £16.6 million in forestry research to explore, for example, tree planting methods to aid expansion, resilience provided by trees, and wider benefits such as economic opportunities. Defra hosted a conference in 2025 to disseminate findings to practitioners, but it is not yet clear how its findings will be informing future forestry operations (paragraphs 3.6 to 3.10).

22 The Programme had limited success leveraging private finance for tree planting and peatland restoration. When launching its Green Finance Strategy in 2023, the government set an overall target to achieve at least £500 million a year in private investment for nature recovery by 2027. The potential for carbon capture and other benefits from trees and peatland take time to accrue and can be difficult for private investors to generate revenue from. Defra set the Programme an objective to improve the future financial sustainability of woodland creation and peatland restoration by increasing private sector investment. The Programme delivered some examples of privately financed activities, and Natural England estimates that around £11 million may have been secured by peat partnerships from 2020-21 to 2024-25 in match-funding for peatland restoration against its £13.1 million target. Defra considers that the foundations are now in place to make more progress in future, including through new schemes such as the Woodland Carbon Purchase Fund. However, it recognises that barriers remain for investors, particularly due to complexity and perceived risks of uncertainty and payback rates and timescales. The ability of projects to access private finance remains highly variable (paragraphs 3.11 to 3.16).

23 There are opportunities for Defra to further reduce barriers to participation.

Tree planting and peatland restoration activities are demand-led, and there are opportunities to reduce barriers to increase participation from landowners.

- High upfront costs can be off-putting and have led to some landowners splitting tree planting applications into smaller applications to make them manageable. For the Nature for Climate Peatland Grant Scheme, Natural England introduced 'discovery grants' that funded exploratory work, which have helped peat partnerships overcome planning cost barriers and allowed a pipeline of projects to be created.
- There are multiple grants on offer through the Programme and other schemes, which can provide flexibility for applicants but have created complexity for landowners in deciding which grant might be most suitable.
- Forestry sector stakeholders told us the burden of application processes can be substantial, involve duplicated requests for information, and is not always proportionate to the regulatory requirements in place (paragraph 3.17).

Concluding remarks

24 The Nature for Climate Fund Programme successfully instigated a step change in tree planting and peatland restoration activities in England. However, it did not achieve its headline targets, in part because they were intentionally ambitious, and because key enablers such as sufficient capacity, clear guidance and sector skills took time to develop. The government's future targets for tree planting and peatland restoration remain ambitious and require a further step change in activity if they are to be achieved. In using the Programme as an opportunity to test different approaches, Defra has identified aspects that can encourage effective delivery. Defra and its delivery partners must apply this learning to maximise participation and increase delivery in future schemes. This includes identifying factors that can help leverage private investment for nature restoration, if Defra is to meet the government's expectation that private finance will increasingly support these activities.

25 It will also be important for Defra to make further progress in measuring the beneficial outcomes that tree planting and peatland restoration are achieving to be able to assess and maximise the value for money of its future activities. This includes continuing to improve its monitoring of outcomes from specific investments, to inform decision-making around how it can best meet its environment and climate commitments and manage trade-offs with other demands on land use.

Recommendations

26 We set out recommendations to help Defra deliver value for money from its ongoing investment in tree planting and peatland restoration activities. Defra should take the following actions.

- a Further improve its monitoring of intended beneficial outcomes from its investment in tree planting and peatland restoration activities.** This would support assessments of value for money and better-informed investment decisions. It should:
 - continue building on its existing monitoring frameworks to inform its modelling and measurement of delivery against its targets for beneficial outcomes from tree planting and peatland restoration; and
 - support those delivering projects to capture necessary information against these frameworks, for example through use of efficient, digital technologies and by ensuring information requirements are comprehensive at the start to avoid later requests for data which have not been collected. Where there are gaps in current data, such as species mix, it should assess the costs and benefits of including these in future tree planting programmes.
- b Ensure there is a process to prioritise across different tree planting objectives if and when required in future programmes.** For example, between carbon reduction, timber production and nature improvements. This would help inform which delivery approaches and mechanisms are most appropriate.

- c** **Take a more proactive approach to managing tensions between the government's ambition to restore nature and other policy objectives that are putting development pressure on peatland and woodland.** This should include working with other government departments to resolve tensions where policy responsibility is outside of Defra, such as housing development and renewable energy generation.
 - d** **Use its monitoring of progress towards long-term targets for tree planting and peatland restoration by 2050 to make an ongoing assessment of whether they remain realistic.** If targets are not achievable, Defra should reset them and set out the implications for achieving net zero by 2050.
 - e** **Ensure delivery capacity is aligned with tree planting and peatland restoration targets. It should:**

 - ensure capacity in delivery bodies is sufficient to deliver its targets for tree planting and peatland restoration to 2050;
 - continue to identify and support enabling activities that help build capacity and skills in relevant wider sectors, including contractor capacity; and
 - ensure learning from its enabling projects to-date is used to inform implementation of the Forestry Sector Skills Plan for England.
 - f** **Where possible, reduce uncertainty for delivery partners and wider stakeholders, particularly during transition periods.** This should include clarifying detailed plans and schemes for future peatland restoration and tree planting schemes to 2030 as soon as possible to maintain momentum. It should also look to ensure transition planning is built into all future programmes – not only tree planting and peatland restoration – where long-term certainty is important for capacity building and delivery.
- 27** Defra is currently planning how tree planting and peatland restoration activities will be taken forward in future. Defra used the Programme to test different approaches. It should now take the opportunity to apply learning from the Programme to its design of future schemes, including doing the following.
- g** **Maximise learning from research projects and innovative pilot schemes.** This should include ensuring rigorous approaches to evaluation and mechanisms for sharing and disseminating learning, within Defra and its arms-length bodies and across the wider forestry and peatland sectors, are in place.
 - h** **Where appropriate, simplify the grant landscape and application processes for tree planting and peatland restoration schemes.** This is important to make grants understandable and accessible, to reduce barriers to participation.
 - i** **Create the right conditions to attract private investment in nature restoration activities.** For example, this could include greater clarity and certainty around long-term objectives, having a consistent and credible pipeline of planned activity, and supporting development of new carbon markets.

Part One

Progress against the objectives of the Nature for Climate Fund Programme

1.1 The government has long-term targets for tree planting and peatland restoration in England. These are to increase tree canopy and woodland cover to at least 16.5% of total land area and restore approximately 280,000 hectares of peatland by 2050. In March 2020, the Department for Environment, Food & Rural Affairs (Defra) announced the Nature for Climate Fund Programme (the Programme) to fund tree planting and peatland restoration activities to March 2025 and support delivery against its longer-term targets. This part examines:

- the structure of the Programme;
- delivery against the Programme's targets and intended outcomes; and
- Defra's future plans for tree planting and peatland restoration.

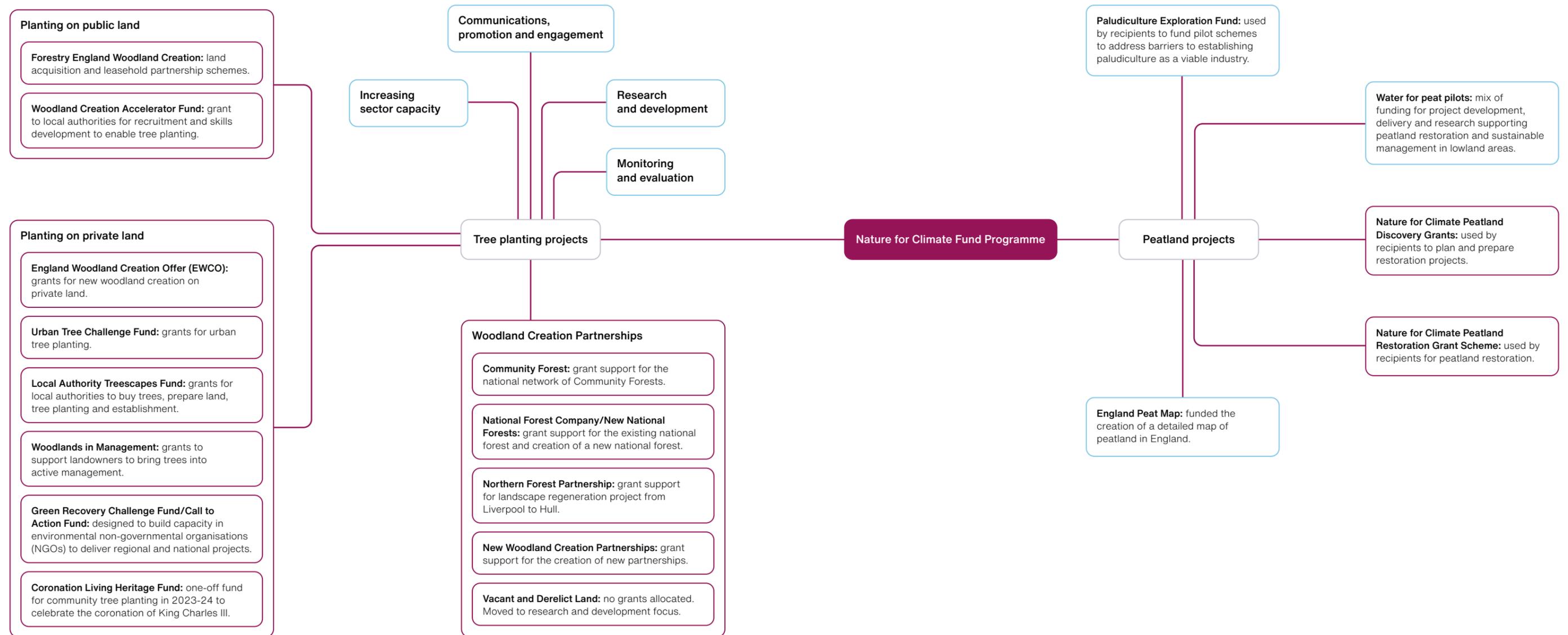
Programme structure and delivery partners

1.2 Defra designed the Programme as a mix of grant schemes and other projects that support tree planting and peatland restoration (**Figure 1** on pages 16 and 17). It intended the Programme to be a vehicle to test different funding mechanisms and delivery models, approaches to blending public and private finance for investment in nature, and enabling activities to support capacity building and engagement.

1.3 Defra had overall responsibility for the Programme, although most activities were delivered by its arm's-length bodies (**Figure 2** on page 18). The Forestry Commission was the senior delivery partner for tree planting, and Natural England was the senior delivery partner for peatland restoration.

Figure 1
Projects, grant schemes and funds within the Nature for Climate Fund Programme (the Programme)

The Programme has a variety of grant schemes, funds and projects that support tree planting and peatland restoration through financial investment and ‘enabling’ projects



□ Grant schemes and funds □ Enabling projects

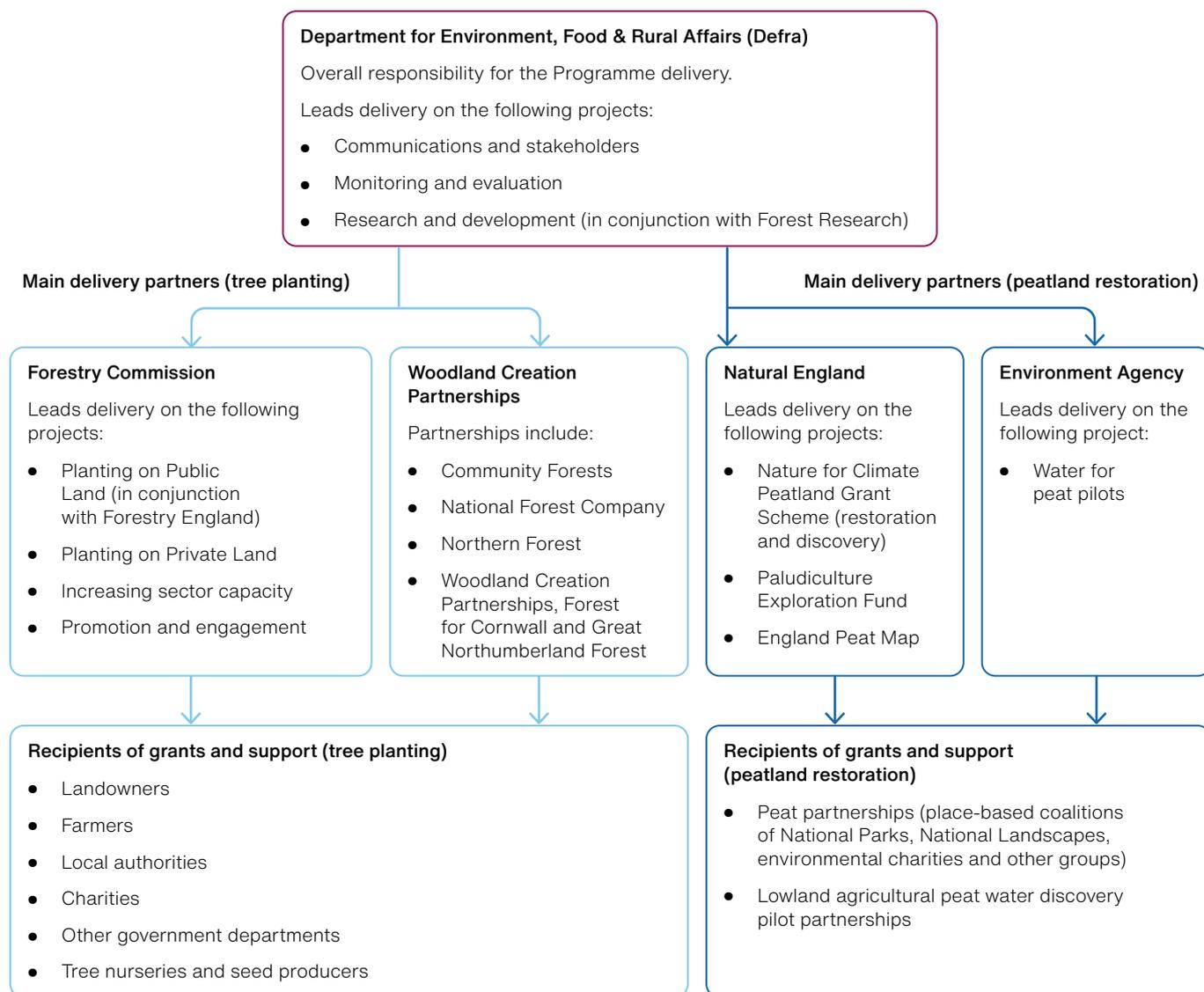
Notes

- 1 This is not an exhaustive list of all the projects and grants, but shows the main projects and grants set out in the Programme business case.
- 2 Paludiculture, or farming on rewetted peat, is a system of agriculture for the profitable production of wetland crops under conditions that support the competitive advantage of these crops.
- 3 Water for peat pilots: Lowlands Agricultural Peat Small Infrastructure Projects; Lowlands Agricultural Peat Water Discovery Pilot; and Lowlands Agricultural Peat Water Research & Development.

Figure 2

Main delivery partners across the Nature for Climate Fund Programme (the Programme)

The Department for Environment, Food & Rural Affairs (Defra) worked with a range of partners to deliver the Programme



- Tree planting elements of the Programme
- Peatland restoration elements of the Programme

Notes

- 1 Forestry Commission: A non-ministerial government department, under the sponsorship of Defra’s Secretary of State. The Forestry Commission is responsible for protecting, expanding and promoting the sustainable management of woodlands.
- 2 Natural England: A Defra arm’s-length body (ALB) with responsibility to help protect and restore our natural world.
- 3 Environment Agency: A Defra ALB. It works to create better places for people and wildlife, and supports sustainable development.
- 4 The arrows represent funding streams.

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

Profile of spend and budget

1.4 From 2020-21 to 2024-25, the Programme spent £707 million, an underspend of £217 million (24%) against its allocated budget of £924 million (capital and revenue). As a percentage of annual budgets, the largest underspends were in 2021-22 and 2022-23, before reducing in later years (**Figure 3** overleaf). Capacity issues in the senior delivery partners, delays in approvals for grant schemes, and overestimation of demand for grants led to a slow start to the Programme and a 30% underspend in 2021-22. The largest in-year underspend, in 2022-23, was 46% and was due in part to specific one-off factors including the cancellation of some tree planting grant schemes and an overestimation of when claims would be made in the early stages of the England Woodland Creation Offer. Underspends were smaller in 2023-24 and 2024-25. Defra told us this was due to better financial management as the Programme progressed and an ability to switch funding to more successful elements of the Programme.

Delivery by the Programme

1.5 The Programme led to a substantial increase in tree planting (**Figure 4** on page 21) and peatland restoration activities in England. From 2020-21 to 2024-25 it funded:

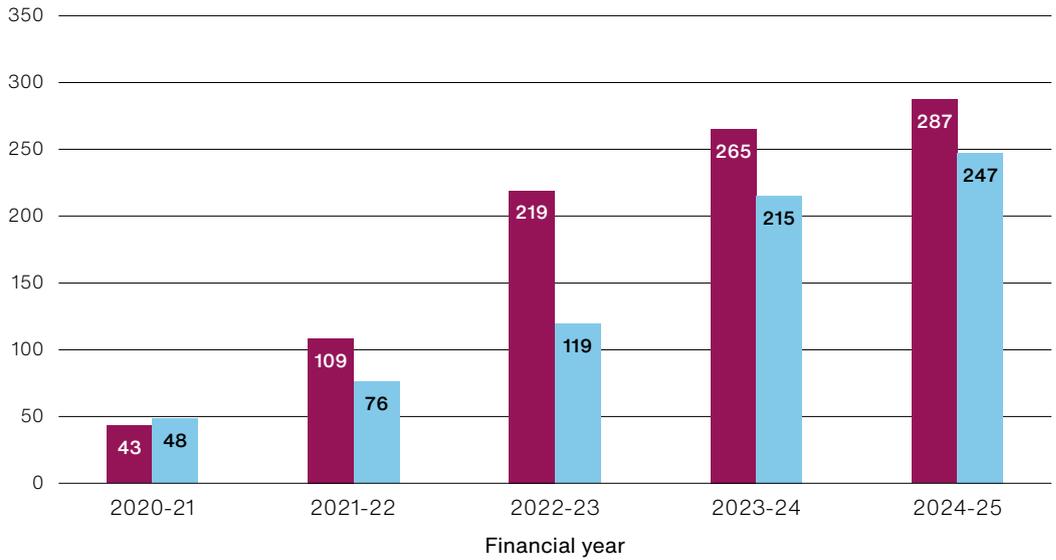
- 15,268 hectares of tree planting, which represented 72% of the total 21,186 hectares planted in this period (including activity not funded by the Programme) – this compares with 7,750 hectares planted in the five-year period before the Programme began (2015-16 to 2019-20); and
- 23,526 hectares of peatland restoration – Defra does not maintain a historic time series of the level of peatland restoration, but the data it does hold indicate this is higher than previous government schemes and historic levels of restoration; several peat partnerships told us that the Programme enabled them to substantially increase restoration activity.

Figure 3

Nature for Climate Fund Programme (the Programme) total spend and budget, 2020-21 to 2024-25

The Programme underspent by £217 million compared with the allocated budget over the period 2020-21 to 2024-25

Nature for Climate Fund total spend and budget (£mn)



- Total budget (trees and peat)
- Total spend (trees and peat)

Notes

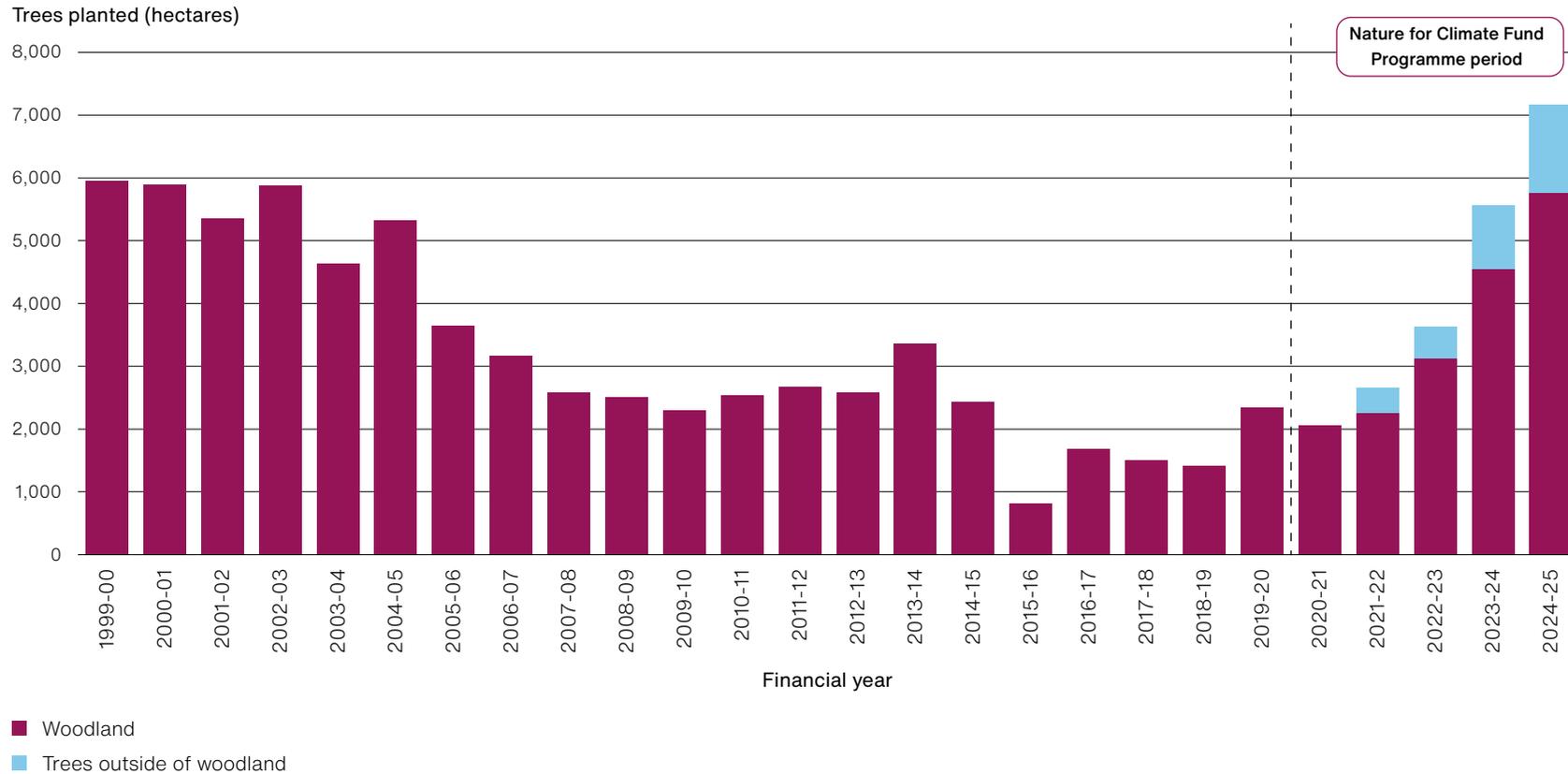
- 1 Figures include capital and resource budget and spend, except for 2020-21 which excludes resource budget data. Defra told us that it does not have a record of the agreed resource budget for that year.
- 2 In 2024-25, the Programme released around £24 million back to Defra to prioritise other areas of critical spend. This is not included in the £247 million spend for 2024-25. Defra does not consider this part of the underspend.

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

Figure 4

Historic tree planting in England from 1999-2000 to 2024-25

From 2020-21 to 2024-25 when the Nature for Climate Fund Programme (the Programme) was in operation, woodland creation and other tree planting substantially increased



Notes

- 1 This chart shows all new trees planted in England each financial year. From 2020-21 to 2024-25, most planting was funded by the Programme, but this chart also includes planting funded by other government and non-government initiatives.
- 2 Data for trees planted outside of woodland are only available for the period of the Programme. Trees outside of woodland are trees planted in non-woodland locations. For example, this includes single trees, trees in hedgerows, parks and gardens, or small wood features in both agricultural and urban landscapes.

Source: National Audit Office analysis of Forestry Commission data

Delivery against the Programme's tree planting and peatland restoration targets from 2020-21 to 2024-25

1.6 Defra set intentionally ambitious targets for tree planting and peatland restoration that the Programme would deliver by March 2025, and which would put tree planting and peatland restoration on a trajectory consistent with the government's longer-term targets and recommendations by the Climate Change Committee. The Programme aimed to deliver 28,728 hectares of new tree planting from 2020-21 to 2024-25 and increase tree planting rates to 7,500 hectares per year by 2024-25. It also aimed to deliver 35,000 hectares of restored peatland. Progress against these targets was mixed, but ultimately none were fully achieved (**Figure 5**). As well as directly funding activity, Defra considers that the Programme will have influenced additional hectares of tree planting and peatland restoration, for example through the wider support for capacity building in the forestry sector and discovery grants for peatland restoration.

1.7 In part, delivery against the Programme's cumulative targets was lower than expected because the targets were ambitious and demand was less than originally anticipated. This was especially the case for expectations about the speed at which rapid land-use change could be scaled up and delivered (**Figure 6** on pages 24 and 25). In 2024, an evaluation of the Programme commissioned by Defra concluded that Defra had underestimated the scale of this challenge. As set out in paragraph 1.4, progress was also affected by a slow start. We cover the set-up of the Programme and barriers to participation in Parts Two and Three, respectively.

Delivery against the Programme's expected benefits from 2020-21 to 2024-25

1.8 Accurate monitoring of outcomes supports informed decision-making about the design and implementation of future activities and schemes, how outcomes can most effectively be delivered, and the overall value for money of the Programme. Tree planting and peatland restoration can deliver multiple environmental, health, economic and social benefits.

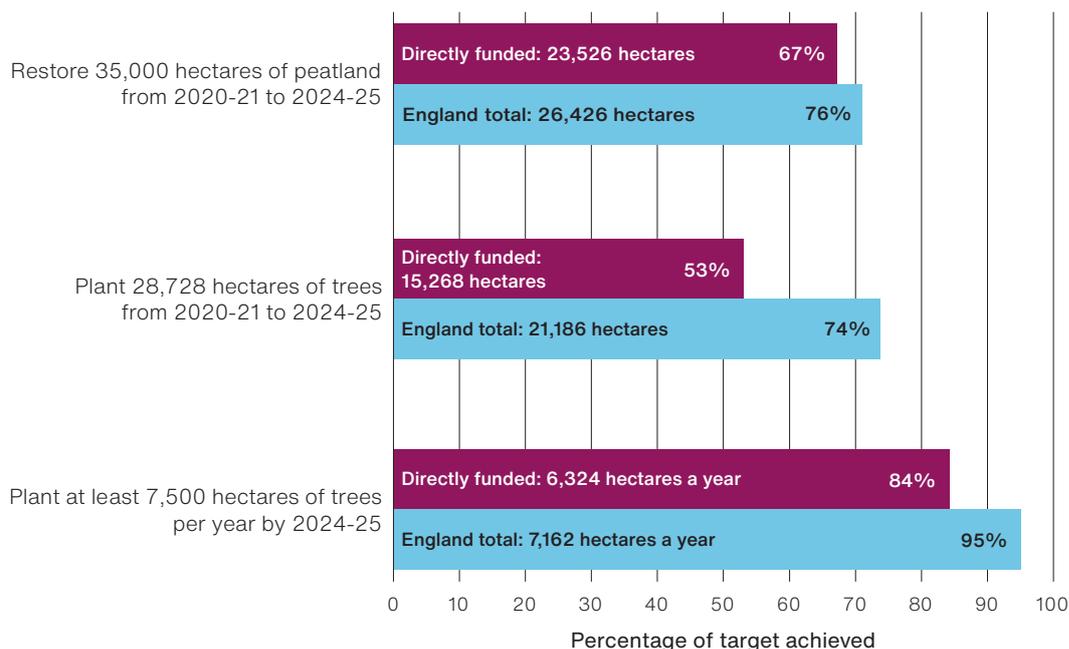
1.9 In its 2021 programme business case, Defra assessed that the overall Programme should achieve benefits worth £5.10 for every £1 spent from 2020-21 to 2024-25, which it categorises as very high value for money. This was based on target rates of tree planting and peatland restoration, and so actual benefits are likely to be lower. The business case also set targets for a range of beneficial outcomes Defra intended the Programme to deliver, based on these projected rates and various modelling assumptions (for example, covering the density, species and survival rates of trees planted).

Figure 5

Delivery against the Nature for Climate Fund Programme’s (the Programme’s) tree planting and peatland restoration targets

Progress against the Programme’s targets was mixed, but ultimately none were fully achieved

Nature for Climate Fund Programme’s targets



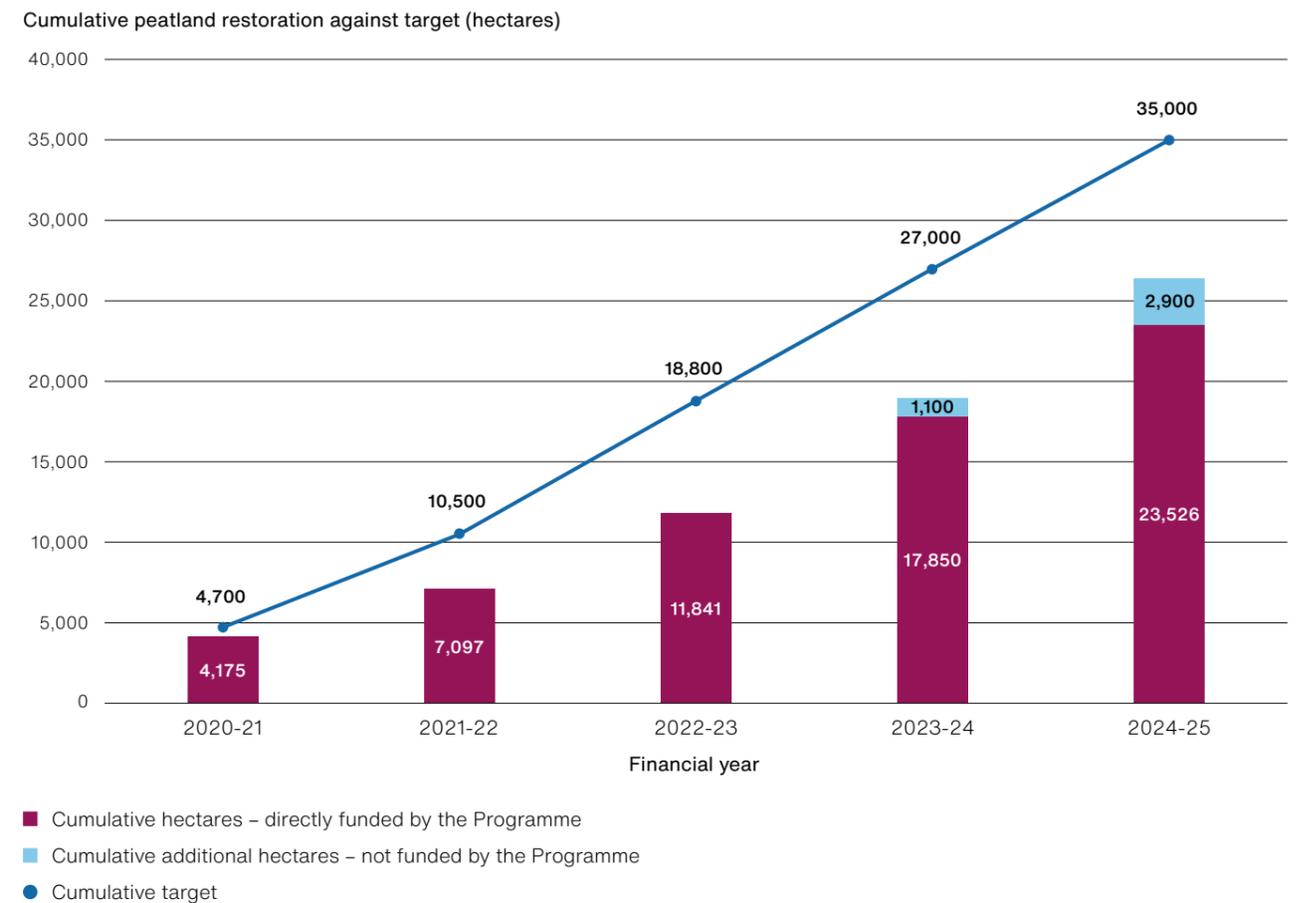
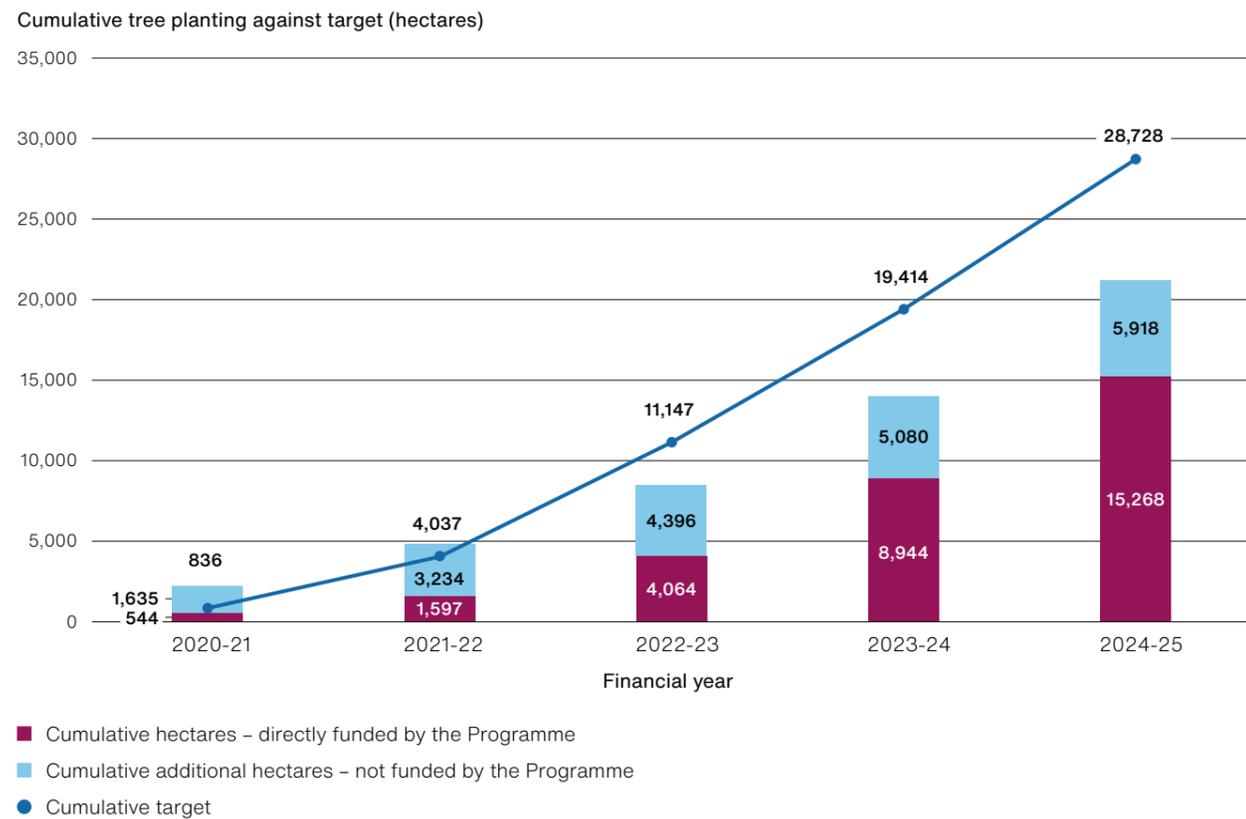
Notes

- 1 The Department for Environment, Food & Rural Affairs set out targets for the Programme in its 2021 Programme Business Case. Progress against these targets has been measured using delivery data from Natural England and Forestry Commission.
- 2 Tree planting hectares achieved by the Programme include those through the Green Recovery Challenge Fund. This was not part of the Programme but was funded through it.
- 3 For both tree planting and peatland restoration, we have included data on hectares directly funded by grants in the Programme, and additional hectares not directly funded by the Programme but known to Defra and its key delivery partners. The overall England tree planting and peatland restoration totals include those hectares directly funded by the Programme and the additional hectares. Some of the additional hectares in the overall England totals may have been influenced by the Programme, for example, through increases in sector capacity as a result of the Programme. It also includes tree planting that is independent of the Programme.
- 4 Tree planting data are taken from the Forestry Commission’s annual key performance indicator data to enable a breakdown between Programme funded tree planting and other tree planting. These data differ slightly from the Forest Research Woodland Statistics data ‘New planting and restocking, UK, 1971 to 2025’.

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

Figure 6
Delivery against the Nature for Climate Fund Programme’s (the Programme’s) cumulative targets for tree planting and peatland restoration

Delivery against the Programme’s targets was substantially lower than the Department for Environment, Food & Rural Affairs’ (Defra’s) expected trajectories



Notes

- 1 Defra set out the expected trajectory for tree planting and peatland restoration in its 2021 Programme Business Case.
- 2 Defra’s cumulative targets were for the Programme to deliver 28,728 hectares of tree planting and 35,000 hectares of peatland restoration over the course of the five-year Programme, from 2020-21 to 2024-25.
- 3 Tree planting hectares achieved by the Programme include those through the Green Recovery Challenge Fund. This was not part of the Programme, but was funded through it.
- 4 For both tree planting and peatland restoration, we have included data on hectares directly funded by grants in the Programme, and additional hectares not directly funded by the Programme but known to Defra and its key delivery partners. Some of the additional hectares may have been influenced by the Programme, for example, through increases in sector capacity as a result of the Programme. It also includes tree planting that is independent of the Programme.
- 5 Tree planting data are taken from the Forestry Commission’s annual key performance indicator data to enable a breakdown between Programme funded tree planting and other tree planting. These data differ slightly from the Forest Research Woodland Statistics data ‘New planting and restocking, UK, 1971 to 2025’.

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

Tree planting

1.10 In 2022, we found gaps in Defra’s monitoring of benefits from tree planting and recommended that Defra ensure its monitoring and evaluation framework includes robust mechanisms for measuring progress against expected benefits. The Programme includes three stages of evaluation: mid-point (2023), interim (2024) and final (expected in 2026). Assurance reports from the National Infrastructure and Service Transformation Authority and Defra’s interim evaluation have continued to highlight gaps in monitoring.

1.11 Defra has been working with Liverpool John Moores University (LJMU) to provide a more accurate assessment of the likely environmental outcomes (carbon sequestration, biodiversity, air quality, water quality and water flow) using available data. A first report by LJMU estimated key outcomes based on trees planted up to 2023-24, which estimated, for example, that those trees will sequester an additional 1.5–1.7 million tonnes of carbon dioxide by 2050 compared with an intended benefit for the full Programme of more than 8 million tonnes. Defra and LJMU plan an update for April 2026 to include planting for 2024-25 as well as metrics covering access and visits to woodlands. This work will inform Defra’s final 2026 evaluation covering the period from 2020-21 to 2024-25. Defra’s interim evaluation analysis of the Community Forests and of the England Woodland Creation Offer for 2020-21 to 2022-23 indicates benefits worth £4.40 and £8 respectively, for every £1 spent.

1.12 Defra recognises there are limitations to its current estimates due to gaps in the data, such as on survival rates and exact species mix. Defra decided not to routinely collect this information due to the additional costs and burdens it would place on delivery partners. Defra has identified that data on tree survival (or mortality) rates are a key area that requires further work. Defra included expectations for survival and restocking of trees in the terms and conditions of grants from the Programme but has been unable to consistently monitor compliance. Defra told us that improving monitoring data is a priority and that it intends to commission research in 2026 to randomly inspect a sample of sites to better understand survival rates. Defra intends to refine its future grant specifications to better reflect the key metric as ‘post beat-up stocking densities’ rather than survival rates.²

Peatland restoration

1.13 For peatland restoration, while we did not see evidence of ongoing monitoring of outcomes by Natural England, it has estimated progress over the 2020-21 to 2024-25 period. For example, Natural England estimated that peatland restored by the Programme will reduce greenhouse gas emissions equivalent to 2.6 million tonnes of carbon dioxide equivalent by 2050, representing 48% of the Programme’s target. Natural England’s analysis indicates that the Programme did not achieve its wider benefits relating to restoration of peat within sites of special scientific interest or in wildlife-rich habitats outside of protected sites, although data for 2024-25 were not available.

² Post beat-up stocking density is the density of trees following the period of ‘beating up’, where weak, dead or damaged trees are removed and replaced. This occurs during the first three to five years after planting.

Delivery by the Programme in its extension year, 2025-26

1.14 Defra's original intention was to close the Programme on 31 March 2025 and to move key grant schemes into its Farming and Countryside Programme (FCP). However, the planned transition into FCP was delayed, in part because of FCP delivery pressures and uncertainty around its structure. Defra told us it worked across different policy areas to determine an appropriate balance of delivery of tree planting and peatland restoration across the FCP and future tree planting and peatland restoration schemes.

1.15 To support tree planting and peatland restoration in the meantime, Defra provided £233 million of total (capital and resource) funding for an extension year for 2025-26. The Programme is forecast to deliver over 6,000 hectares of tree planting in 2025-26 against a target of 5,495 hectares. The Programme is also forecasting an additional 5,278 hectares of peatland restored in 2025-26.

Defra's future plans for tree planting and peatland restoration

1.16 Defra secured funding for tree planting (£816 million) and peatland restoration and improvement (£85 million) to 2030 in the 2025 Spending Review, but the detail of how this will be distributed across different schemes is not yet clear. Defra told us it has developed a business case that is currently going through its approval process.

- For peatland restoration, Defra has further extended the Nature for Climate Peatland Grant Scheme for 2026-27. Defra told us that, after that, most funding for restoration outside of lowland agricultural peat areas will come from the FCP's Landscape Recovery scheme (which supports large-scale, long-term projects to restore nature, improve biodiversity and deliver environmental benefits across whole landscapes in England). Defra told us that the £85 million peatland funding provided at the Spending Review is not part of the Landscape Recovery scheme, and that the funding will focus on addressing the historic degradation of lowland agricultural peat soils. Peat partnerships we spoke to were not clear how Landscape Recovery would work or why the restoration funding mechanism was being changed from the current approach, which they considered works well. Defra told us that transitioning to Landscape Recovery provides long-term agreements with greater certainty and that it was working to ensure a smooth transition.
- For tree planting, Defra is currently developing the schemes and funding that will be available to 2030. It told us these will continue to sit outside the FCP, but that FCP will also deliver some tree planting and it will therefore work closely across its different policy teams.

1.17 Defra told us that the timing of the 2025 Spending Review and subsequent internal business planning processes was a factor that contributed to the lateness in confirming future schemes and funding. This was largely outside the control of the Programme, but Defra acknowledge the uncertainty this has caused. Defra told us it had looked to provide as much certainty as possible, and that its key delivery partners are part of the Programme Board and were informed in good time of plans to continue delivery after March 2026. Despite this, peat partnerships and forestry sector stakeholders told us that the uncertainty was a key risk to future delivery and that some momentum built by the Programme was being lost. For example, some peat partnerships and local authorities had already lost experienced staff. We were also told that uncertainty over future funding mechanisms makes it more difficult for landowners and contractors to make investment decisions with confidence.

1.18 The government's long-term tree planting target of 16.5% canopy coverage by 2050 requires approximately 9,000 hectares of tree planting a year from 2030 onwards, according to Defra. Similarly, the peatland restoration target of 280,000 hectares restored by 2050 requires 10,000 hectares to be restored each year from 2025 to 2050. This will therefore need a further increase in activity compared with the tree planting and peatland restoration rates achieved from 2020-21 to 2025-26.

Part Two

Setting up the Nature for Climate Fund Programme for success

2.1 This part of the report examines how the Department for Environment Food & Rural Affairs (Defra) set up the Nature for Climate Fund Programme (the Programme). It covers:

- the capacity of Defra's main delivery partners;
- capacity across the wider tree planting and peatland restoration sectors;
- Defra's prioritisation of the intended benefits of the Programme; and
- the Programme's alignment with wider policy developments.

Delivery partner capacity

2.2 The Programme was highly ambitious in what it would achieve, and it relied on its senior delivery partners to make progress. However, in the first year, the Forestry Commission (excluding Forestry England and Forest Research) and Natural England had vacancy rates of 56% and over 30%, respectively, across their Programme teams. Both organisations continued to recruit and train staff to fill these gaps well after Defra launched the Programme. The Forestry Commission told us that this reflected the overall lack of capacity in the forestry sector at the start of the Programme. For peatland, Defra and Natural England acknowledged that recruitment took time to ramp up, reflecting recruitment controls introduced in response to headcount restrictions. Vacancy rates reduced over time, although the Forestry Commission told us that it is now seeing skills gaps again due to funding constraints.

2.3 Staff shortages in the early stages of the Programme contributed to several issues.

- **Delayed payment of grant claims:** Natural England did not have sufficient capacity to process all the claims it was receiving. This resulted in a backlog which it did not clear until early 2024, after it recruited more staff to its claims team. Several peat partnerships highlighted the significant delay in receiving payments.
- **Lack of capacity and capability to support stakeholders:** We heard from several peat partnerships that responses from Natural England to queries were often slow because staff were inexperienced or still in training. We also heard from forestry sector stakeholders that it took time for the Forestry Commission to build capacity. For example, it took time for the Forestry Commission to train its woodland officers, which delayed the support and advice they could provide to land managers.
- **Guidance not in place:** We heard from peat partnerships that Natural England did not have guidance in place for grant applications, or templates for the management information required when the Programme launched, and that the information they needed to provide frequently changed.

Capacity across the wider tree planting and peatland restoration sectors

2.4 Defra recognised that capacity in the forestry sector was a key barrier to delivering the Programme's objectives, and it established 'enabling' projects that funded several activities to address this constraint. **Figure 7** sets out some of the main outcomes of the projects. Several forestry sector stakeholders told us that there were improvements in sector capacity because of the Programme.

2.5 Defra acknowledges that a shortage of forestry skills remains a significant risk to achieving future tree planting objectives. There is a substantial gap between the current workforce and the forecast workforce needed by 2029-30 to meet the government's tree planting objectives. In 2025, Defra, the Forestry Commission and key forestry sector stakeholders jointly published the *Forestry Sector Skills Plan (England) (2025-2035)*.³ This set five priority themes to address existing skills and labour gaps and create a forestry workforce that can meet long-term demand.

³ Department for Environment, Food & Rural Affairs and others, *Forestry Sector Skills Plan (England) (2025-2035)*, April 2025.

Figure 7

Main outcomes of projects funded by the Nature for Climate Fund Programme (the Programme) to improve forestry sector capacity

The Programme included projects that led to improvements in forestry workforce and nursery sector capacities

Desired outcome	Supporting activities
Improvement in forestry sector workforce capacity	<ul style="list-style-type: none"> Forestry apprenticeships: 99 apprentices started on the degree-level Professional Forester Apprenticeship with 49 of these employed by the private and third sectors. The Forestry and Arboriculture Training Fund: awarded funding to 3,293 individuals for short forestry and arboriculture courses. Communications, outreach and engagement activities to raise the profile of forestry careers.
Improvement in nursery sector capacity	<ul style="list-style-type: none"> The Tree Production Innovation Fund to develop methods to overcome barriers to domestic tree production (41 projects funded). The Tree Production Capital Grant to improve, expand, automate or mechanise the production of trees and tree seeds (118 projects funded). Invested £14.5 million in Forestry England's nursery and seed processing unit.

Notes

- 1 These activities were part of an 'enabling' project included in the Programme to address issues with forestry sector capacity.
- 2 This is not an exhaustive list of 'enabling' activities included in the Programme, it provides key illustrative examples.

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

2.6 The Programme did not contain specific projects to build capacity for peatland restoration, but peat partnerships told us that their workforce and activities increased due to the Programme. However, this may not be enough for the future scale of restoration needed to deliver the government's long-term objectives. In 2025, a report commissioned by Natural England flagged concerns over contractor capacity and the need for further long-term funding to encourage contractors to invest in developing specialised machinery and skills.

Clarity of priority objectives

2.7 The benefits that tree planting can provide differ depending on the type of tree planted, its location, and how it is planted and looked after. For example, conifer trees generally sequester carbon more quickly than broadleaf trees and provide fast-growing timber for construction, whereas broadleaf trees provide greater biodiversity and wider societal benefits. Having clear objectives for tree planting schemes is important because different types of tree planting deliver benefits in differing quantities.

2.8 Defra's programme business case set out the wide range of benefits that it expected the Programme to deliver through tree planting, including carbon sequestration, improving biodiversity and flood prevention. Defra told us it had looked to develop a balanced tree planting programme in line with guidance set out in the UK Forestry Standard, and that it had provided incentives for certain types of planting. For example, the England Woodland Creation Offer provides financial incentives for nature recovery. However, Defra did not fully spend its budget (see Figure 3) and told us it therefore did not need to actively prioritise between objectives.

2.9 A review by the National Infrastructure and Service Transformation Authority in October 2025 found a lack of clarity on whether the primary objective of Defra's future tree planting programme was carbon sequestration, or biodiversity and nature recovery, how these objectives were being prioritised, and how they might be traded off against each other if necessary. Defra considers carbon reduction and biodiversity to be equally important aims, because both outcomes contribute to statutory targets. Defra's modelling indicates that a planting split of 70% broadleaf and 30% conifer is required for tree planting to deliver the benefits required to contribute to the government's statutory targets for net zero and biodiversity. In 2024-25, the planting ratio in England was 88% broadleaf and 12% conifer. Overall tree planting in England from 2020-21 to 2024-25 has been 90% broadleaf and 10% conifer.

Wider policy alignment

2.10 The Programme relies on participation and decisions from landowners and other stakeholders outside of central government. Tree planting or restoring peatlands is one of many options that landowners have regarding how they use their land. In part, decisions made by landowners may be driven or influenced by wider government policies that may or may not align with the aims of the Programme.

2.11 Over the course of the Programme, the government has not set clear priorities for land use, causing uncertainty for landowners. The previous government initially promised a Land Use Framework would be published in 2023, but this has been repeatedly delayed. Defra consulted on the Land Use Framework in 2025 and the government now expects to publish it in 2026. The lack of a clear, prioritised vision for land use has also created some tensions between policy areas. For example, tree planting and peatland restoration projects compete for land which could be also used for food production, other nature recovery projects, renewable energy generation, or housing. Defra's grants in different areas (for example, between this Programme and the Farming and Countryside Programme) can therefore be in competition with each other for the same land.

2.12 For individual projects, tensions between policy areas can make delivery difficult and bring complexity into approvals processes, as the following examples show.

- Peat partnerships highlighted concern around the potential impacts of increased applications to build onshore wind turbines on upland peatland, following policy changes made by the Department for Energy Security & Net Zero. These changes were designed to encourage onshore wind projects as part of the Clean Power 2030 mission announced in 2024; however, these installations could damage the peatland. Defra told us that, to better manage the complex interaction between renewable energy generation and greenhouse gas emission abatement on peatland, it is developing a carbon calculator to enhance decision-making relating to onshore wind, with further announcements due in Spring 2026.
- Forestry sector stakeholders told us that the value for money of planting trees is being undermined by large deer populations; the deer eat saplings, threatening the establishment of young trees and the regeneration of new and existing woodlands, which affects the long-term success of tree planting projects. Defra cites evidence which suggests that a third of English woodlands is now in unfavourable condition due to the impact of deer. Defra told us it has supported the forestry sector with grants for fencing and management of deer and a dedicated team of Forestry Commission Deer Officers. The Environment Improvement Plan 2023 said that a deer management strategy would be published in 2023. Defra announced a 10-year plan for deer management in February 2026.

Part Three

Reducing barriers to participation to increase delivery in the future

3.1 The Department for Environment, Food & Rural Affairs (Defra) told us that the Nature for Climate Fund Programme (the Programme) was, in part, set up with a range of different grants and schemes to explore which approaches deliver tree planting and peatland restoration most effectively, now and in the future. Rates of tree planting and peatland restoration need to rapidly increase for the government to meet its ambitious 2050 targets, which requires participation from stakeholders outside of central government.

3.2 This part of the report sets out learning from the Programme that could help increase uptake. It covers:

- making the most of stakeholder engagement;
- learning from research and innovation projects;
- leveraging private finance; and
- reducing barriers for applicants.

Making the most of stakeholder engagement

3.3 Considering the Programme's reliance on participation from other organisations, good engagement with delivery partners and wider stakeholders is important for encouraging and supporting uptake of the grant schemes and improving the Programme over time.

3.4 Defra, Natural England and the Forestry Commission have provided opportunities for stakeholders to engage and to give feedback on grants and projects. For example, they have set up regular meetings and advisory groups. This has enabled stakeholders to flag problems with the Programme's processes and approach as they arose.

3.5 Peat partnerships and forestry sector stakeholders told us that Natural England and the Forestry Commission built good relationships, improved engagement over the Programme, and demonstrated willingness to respond to feedback. Where possible, Natural England and the Forestry Commission listened and acted to make improvements. For example, in response to feedback, they undertook the following actions.

- Natural England introduced dedicated grant officers early in the Programme to support peat partnerships with claims and payments, and introduced interim payments in the third year to help peatland grant recipients manage cashflow challenges.
- Natural England improved the peatland grant scheme application process after the first round by giving more preparation time and support to applicants. In subsequent rounds, Natural England made guidance available to applicants at least two months before opening the application window and held pre-application online seminars to answer questions.
- The Forestry Commission created a Woodland Creation Fast Track to help streamline grant applications for low sensitivity sites. It aimed to make regulatory decisions and grant offers within 12 weeks for correctly completed woodland creation applications.
- The Forestry Commission improved the approach to consultation on forestry applications to simplify evidence gathering and remove duplication. Since February 2024, the Forestry Commission undertakes consultation only when there is a statutory or mandatory requirement to do so, and it has shortened the consultation period from 28 to 21 days.
- The Forestry Commission amended payment rates for the England Woodland Creation Offer scheme to better reflect the costs incurred by landowners.
- The Forestry Commission adjusted the criteria for the second round of its Woods into Management Forestry Innovation Funds, which improved uptake.

Learning from evaluation, research and innovation

Programme evaluation

3.6 The Programme was, in part, set up with a range of different grants and schemes to explore which approaches deliver tree planting and peatland restoration most effectively. Defra established an evaluation process for the tree side of the Programme, involving case studies, focus groups, interviews and surveys. Defra has produced mid-term and interim reports, with the final report due by the end of September 2026. Defra told us it has used this process to improve the Programme, including, for example, the planned merging of multiple funds into one simpler consolidated fund for planting trees outside of woodland, and working to bring tree planting in scope of the UK Emissions Trading Scheme. For peatland restoration, Natural England commissioned an evaluation report of the grant process, and a final evaluation report. Defra and Natural England told us that they have integrated evaluation findings into peat grant schemes from 2026-27 onwards, including those stating that they:

- should provide upfront funding and comprehensive and timely support from the outset;
- could provide longer and or more flexible application windows; and
- should ensure that funding is not limited to the costs of capital work but also supports employing dedicated staff.

3.7 The evaluations have also informed Defra's understanding of how well different approaches to funding and delivery work. For example, Defra's evaluations highlighted the relative success of the Woodland Creation Partnership (WCP) project in delivering tree planting compared with other projects, which could provide useful learning for future activities. WCP applicant satisfaction scores were substantially higher than those for England Woodland Creation Offer applicants. **Figure 8** sets out some of the factors that contributed to this.

Figure 8**Woodland Creation Partnership (WCP) project**

The WCP project has been relatively successful in delivering tree planting compared with other projects within the Nature for Climate Fund Programme (the Programme)

Overview

The WCP project within the Programme creates woodlands through partnerships (Community Forests, National Forest Company, Northern Forest and new WCPs). The partnerships focus on specific geographic areas and work with landowners to plant trees and woodlands.

The WCP project delivered 56% (8,566 hectares out of a total of 15,268 hectares) of the total Programme's tree planting from 2020-21 to 2024-25.

Department for Environment, Food & Rural Affairs' evaluation findings

- Support for landowners: A key success factor is the flexible, tailored approach. Activities can include completing application forms on a landowner's behalf, providing a local contact for advice and helping landowners to overcome administrative and regulatory barriers.
 - Flexible approach to delivery: Community Forests deliver projects in different ways. Some undertake direct delivery on a landowner's behalf, others pay the grant applicant, and some use both approaches according to what best suits the landowner.
 - Shorter application approval time: Available data indicate that application approval times are shorter for WCPs than the England Woodland Creation Offer.
-

Note

1 England Woodland Creation Offer: the main grant available through the Programme's Planting on private land project.

Source: *NCF Tree Programme for England Final Interim Evaluation Report*, ICF, November 2024; National Audit Office analysis of Department for Environment, Food & Rural Affairs and Forestry Commission information

Research and innovation projects

3.8 Defra has funded research and exploratory projects as part of the Programme. Where findings from research provide a better understanding of opportunities and barriers associated with tree planting and peatland restoration activities, it can help inform ongoing activities and future schemes to increase uptake and delivery.

3.9 Defra has funded small-scale pilot projects in lowland agricultural peat regions, which produce 88% of all greenhouse gas emissions from England's peatlands and where peatland restoration and improvement activities are expected to increase in the future. These projects included exploring opportunities to farm on re-wetted peatland (through an approach called 'paludiculture'), delivered by Natural England; supporting local partnerships to develop water management plans, delivered by the Environment Agency; and local infrastructure projects to test how water management can be improved. Defra also funded research into water-related barriers associated with lowland peat restoration and sustainable management through a research programme designed by the Environment Agency. Defra told us the projects have significantly improved the collective understanding of the challenges of addressing peat degradation in lowland agricultural areas, and provided the basis for larger-scale projects to deliver more change from 2026 to 2030. Other research into the peatland restoration sector has provided more clarity on skills and capacity, which Defra told us is being used to inform policy making.

3.10 From 2020-21 to 2024-25, Defra invested £16.6 million in forestry research to explore, for example, tree planting methods to aid expansion, resilience provided by trees, and wider benefits such as economic opportunities. In November 2025, Defra hosted a conference to share findings from various woodland research projects with practitioners. Defra told us that research has filled gaps in evidence, including to support eligibility criteria for specific grants, improving spatial prioritisation of woodland expansion, and understanding the impact of deer and squirrels on woodlands, as well as information tools to support land managers considering woodland creation. However, it is not yet clear how findings from its research are being used to inform forestry operations.

Leveraging private finance

3.11 As part of the launch of its Green Finance Strategy in 2023, the government set an overall target to achieve at least £500 million a year in private investment for nature recovery by 2027, rising to more than £1 billion per year by 2030. Through the Programme, Defra aimed to improve the future financial sustainability of woodland creation and peatland restoration by supporting an increase in private sector investment into these activities.

3.12 For peatland restoration, Defra set the Programme a target to leverage £13.1 million in match-funding through private finance from 2020-21 to 2024-25. Natural England estimates that around £11 million may have been secured from 2020-21 to 2024-25 by peat partnerships actively seeking private investors for their projects. Natural England does not routinely track these data during projects but told us it requires partnerships to provide details of the final match-funding in closure reports. Peat partnerships told us it took considerable time and effort to secure private funding. Natural England's final evaluation report highlighted the need for more government support and clear guidelines for match-funding, which would provide potential private funders with a better understanding of the investment opportunity.

3.13 For tree planting, Defra intended the Programme to test approaches to blending public and private finance for investment in nature, to identify options to increase private investment. However, in 2025, Defra's interim evaluation of the tree planting side of the Programme found that it had not leveraged private finance as quickly or as widely as envisaged. The potential for carbon capture and other natural capital benefits from trees and peatland take time to accrue and are difficult for private investors to generate revenue from.

3.14 Defra has identified progress in some areas. The Woodland Carbon Code and the Peatland Code provide quality assurance standards for 'carbon units'. Eligible projects within the Programme can apply and generate independently verified carbon units, which can then be bought and sold on carbon markets by companies who want to offset their greenhouse gas emissions. Defra's evaluation reports highlight examples of projects which have done this. This provides a long-term revenue stream for landowners from their projects. Defra told us that including trees in the UK Emissions Trading Scheme has not been decided, but it will consider options for the Woodland Carbon Guarantee after completing its ongoing review.

3.15 Defra told us that slower progress than hoped reflects the early stage of environmental markets and long payback periods. It considers that the foundations are now in place to make more progress in future but recognises that barriers remain for investors, particularly due to the complexity of carbon markets and the perceived risk of uncertainty and payback rates and timescales. The ability of projects to access private finance remains highly variable, and Defra must learn what works to scale up private investment in nature.

3.16 In 2025, HM Treasury provided Defra with £250 million of capital funding to create the Woodland Carbon Purchase Fund. The Fund is still in development but aims to purchase certain types of carbon units in the first year (or early years) of woodland creation. This would provide an early revenue stream and help to bridge the large time period between woodland being created and investors being able to generate revenue through the sale of carbon credits.

Opportunities to reduce barriers to participation

3.17 The grants and schemes that support tree planting and peatland restoration activities are demand-led, requiring landowners to proactively apply to participate. It is therefore important to minimise barriers to encourage participation. We have identified opportunities to reduce barriers related to the following factors.

- **The high upfront costs for landowners of participation, and delayed payments:** The timing of payments varies between different Programme grants. Some grants pay landowners when they supply evidence that they have completed the funded activity. There are good reasons for this approach, particularly related to reducing fraud. However, it can be a barrier to participation as landowners are often unable to take on the financial risk or high upfront costs of completing an activity before receiving payment. We heard that some landowners have split tree planting applications into several smaller applications to manage this. For the Nature for Climate Peatland Grant Scheme, Natural England introduced ‘discovery grants’ that helped enable peat partnerships to participate. These grants covered the costs of exploratory work, surveying and project planning, which would not have been possible without this funding. They enabled a pipeline of projects to be built up and subsequently delivered through restoration grants.
- **The complexity of the grant landscape:** There are multiple grants on offer within the Programme as well as through other avenues, such as the environmental land management schemes in Defra’s separate Farming and Countryside Programme. We heard that the variety of grants on offer provides landowners with helpful flexibility in how they participate in, for example, tree planting. But, at present, this benefit is outweighed by the complexity of the landscape, which makes it difficult for landowners to engage and decide which grant is best for them. We have seen examples where this was overcome by providing a network of informed forestry agents to advise landowners.
- **The burden of the application process:** Establishing new woodland and re-wetting peatland are long-term land-use changes. For tree planting, the UK Forestry Standard sets criteria and guidance to ensure ‘right tree, right place, right reason’. For example, it requires applicants to consider whether a new woodland fits within the local landscape and its resilience to future climate change. But forestry sector stakeholders told us that some application requirements are inconsistent or duplicate information requests, which places unnecessary burden on applicants, or are highly complex, which requires land agents to support their completion at additional cost. This can deter some landowners. Stakeholders told us that not all this complexity is required to meet regulatory requirements.

Appendix One

Our audit approach

Our scope

1 This report examines what the Department for Environment, Food & Rural Affairs (Defra) and its delivery bodies (Natural England and the Forestry Commission) achieved through the Nature for Climate Fund Programme (the Programme) now that the initial funding period for the Programme has ended. We assessed:

- the structure of the Programme, delivery against its targets for increasing tree planting and peatland restoration, and its objectives for delivering wider benefits;
- how Defra set up the Programme; and
- the barriers to participation that need to be addressed to increase delivery of tree planting and peatland restoration activities in the future.

2 This report focuses on set-up and delivery at the programme level and does not examine the relative success of individual projects and schemes within the Programme. It includes recommendations aimed at supporting Defra and its delivery bodies to identify learning that will help set up future programmes for success and reduce barriers to participation.

3 We used both qualitative methods (interviews and document review) and quantitative methods to analyse evidence. Details of the methods are below.

Our evidence base

Document review

- 4** Document review took place throughout the study period and included:
- documents provided to us from Defra (including Defra stakeholder engagement exercises, internal and external evaluation reports, programme board papers and business cases);
 - documents provided by Natural England and the Forestry Commission, as delivery bodies, and other key stakeholders (including evaluation reports and progress reports);
 - published documents such as the England Trees Action Plan, England Peat Action Plan, and grant application guidance; and
 - other evaluations of the Programme such as reviews by the Infrastructure and Project Authority, now National Infrastructure and Service Transformation Authority and reports by the Government Internal Audit Agency.
- 5** Document review was used in combination with interviews, focus groups and quantitative analysis to produce the findings and recommendations in this report.

Interviews

6 We conducted 30 online interviews between September 2025 and January 2026 with representatives from Defra, delivery bodies and wider stakeholders. We wanted to obtain a broad range of views from the government and across different sectors. These included the following.

- **Interviews with Defra and delivery bodies:** We held interviews with:
 - Defra;
 - Natural England;
 - Forestry Commission;
 - Forestry England; and
 - Forest Research.

- **Interviews with wider stakeholders**, including government bodies, wider delivery partners, local government, industry representative bodies and voluntary and membership organisations. We held interviews with:
 - Confor (Confederation of Forest Industries);
 - CLA (Country Land and Business Association);
 - England's Community Forests (Programme Director – Trees for Climate Programme);
 - Government Internal Audit Agency;
 - Hampshire County Council;
 - HM Treasury;
 - Institute of Chartered Foresters;
 - IUCN (International Union for Conservation of Nature) UK Peatland Programme;
 - Lincolnshire Wildlife Trust;
 - NFU (National Farmers' Union);
 - National Forest Company;
 - National Infrastructure and Service Transformation Authority;
 - North Pennines National Landscape;
 - National Trust;
 - Norfolk County Council;
 - Savills;
 - South-West Peatland Partnership;
 - The Tree Council;
 - Tree for Cities; and
 - Woodland Trust/Community Forest Trust.

7 In these interviews, we sought to understand how the Programme was set up and implemented. We also sought to understand what key lessons can be learned to inform similar programmes in the future. Topics covered in the interviews included:

- the role of the organisation in the Programme;
- capacity to deliver the Programme;
- delivery against the Programme's objectives and wider intended benefits;
- evaluations and lessons learned exercises; and
- future plans for tree planting and peatland restoration.

8 We tailored questions to the responsibilities and expertise of each interview participant.

9 We used these interviews to develop our understanding of the Programme and identify learnings that will help set up future programmes for success and reduce barriers to participation. Analysis of the interviews was used to support findings from the document review, focus group and quantitative analysis.

Focus group with the Great North Bog partners

10 We conducted a focus group with partners of the Great North Bog. The Great North Bog is a landscape-scale approach to upland peatland restoration and conservation in the Protected Landscapes of northern England. The focus group was attended by representatives from:

- Yorkshire Peat Partnership;
- Lancashire Peat Partnership;
- Moors for the Future Partnership;
- Northumberland Peat Partnership; and
- Cumbria Peat Partnership.

11 The focus group sought to understand participants' views on a range of issues, which included:

- the set-up of the Programme;
- capacity within Natural England and the peat partnerships to deliver the Programme;
- implementation of the Programme;
- the impact of uncertainty over future plans for peatland restoration; and
- private finance for peatland restoration.

12 We used the focus group to deepen our understanding of the impact the Programme had on peatland restoration and the overall experiences of those applying for grants and carrying out restoration works. The focus group took place online and lasted one and a half hours, with detailed notes taken.

Quantitative analysis

13 We undertook quantitative analysis, analysing public data as well as data and management information provided by Defra, Natural England and the Forestry Commission. These included:

- data on the Programme's budget and spend, broken down by the main projects within the Programme;
- data on delivery against the main objectives of the Programme; and
- data on staff vacancy rates across the Forestry Commission and Natural England.

14 Defra, the Forestry Commission and Natural England provided these data between September 2025 and February 2026. These data were used in a number of ways throughout the report, including to show delivery against the Programme's cumulative targets for tree planting and peatland restoration.

Data limitations

15 In conducting our work, we found limitations in several areas of data.

- **Spend data:** We relied on Defra to provide us with spend data for the Programme. We have not carried out a full audit of the information provided to us. Defra could not provide some data. For example, the resource budget for 2020-21.
- **Historic peatland restoration:** There is no time series of the level of historic peatland restoration across England.

16 Where we have presented data, they represent our best understanding. Where there are limitations, we have made it clear in the report.

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