

# Confor response to Defra's Policy Discussion Document on the Environmental Land Management (ELM) Scheme

24 JULY 2020

## Introduction

Confor is the not-for-profit organisation for sustainable forestry and wood-using businesses in the UK. We have more than 1,500 member companies, 730 of those are in England, representing the whole forestry and wood supply chain. Confor focuses on the strategic issues that are vital to the success and sustainable future of the sector. These include helping to build the market for wood and forest products, creating a supportive policy environment and helping members to become more competitive and successful.

This response builds on the position paper developed by a collaboration of forestry organisations from 2019<sup>1</sup>

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

**Throughout the Policy Discussion Document (PDD) there is reference to supporting our rural economy to help to maintain food security. This should be equally applied to timber security.**

The UK imports over 80% of the wood it uses. Increasing the use of timber, particularly in construction as an alternative to concrete and steel, is at the heart of low-carbon and bioeconomy policies such as the BEIS Clean Growth Strategy and Committee on Climate Change net zero recommendations, while wood for bioenergy is an important alternative to fossil fuel in an adaptable renewable energy mix. Global timber demand is predicted to treble by 2060. Unless the UK increases the share of the wood it grows for its own use, its economic growth will be at the mercy of an increasingly competitive global timber market, and its imports will put increasing pressure on an over-stretched global supply chain resulting in illegal logging and exploitation of intact global forest habitats.

Addressing these risks by increasing the amount of wood grown at home does not have to mean compromising on other environmental benefits. On the contrary, the importance of modern forestry and wood production in sequestering carbon and tackling the climate emergency is well known, while **the role they can play in slowing and reversing the 'nature emergency', which is becoming imperative across land uses, is now better understood.**<sup>2</sup> Evidence shows that:

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<sup>1</sup> <https://www.confor.org.uk/media/247495/the-environmental-land-management-scheme-a-position-statement-from-the-forestry-sector.pdf>

<sup>2</sup> Confor's report Biodiversity, forestry and wood <http://www.confor.org.uk/media/247765/confor-biodiversity-forestry-report.pdf>

- The habitat value of forests planted for wood production is far greater than is usually assumed.
- Bringing neglected native woodland into management through the development of small-scale wood production and local supply chains increases biodiversity.
- The importance of a home-grown, low carbon resource in helping reduce the pressure to exploit natural and seminatural forests globally, tackles the drivers of biodiversity decline around the world.

Trees and woodlands are critical to solving both the climate crisis and the nature crisis. The objectives of the Net Zero target; the 25-Year Environment Plan; the Tree Health Resilience Plan; the developing Biosecurity Strategy (GB); the Industrial Strategy; the Clean Growth Strategy; the Agriculture Bill; the Environment Bill; the government's tree planting targets; the England Tree Strategy; the commitment to a green recovery; and, the ELM scheme all depend heavily on a skilled, professional and empowered forestry sector.

**Trees and woodlands have long been contributing to the delivery of the same public goods that the ELM scheme seeks to incentivise.** The 2019 position paper outlined how forestry can contribute to the goals of the ELM scheme in the priority areas:

- clean air
- clean and plentiful water
- thriving plants and wildlife
- protection and mitigation from hazards like flooding and drought
- using natural resources sustainably and efficiently
- beauty, heritage and engagement with the natural environment
- mitigation of and adaptation to climate change.

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

Confor's response does not answer the questions posed in the PDD but addresses the main areas of the scheme that needs further development at this stage. This builds on detailed engagement with Defra and the forestry sector. **It expands on the cross-sector response, also submitted, to consider the collective views of Confor members who make up the forestry industry and:**

- **Grow the forestry trees planted in the UK – our nursery sector**
- **Establish and maintain the forestry grown in the UK – our establishment sector**
- **Own and/or manage the forestry growing in the UK – our growing sector**
- **Harvest and market the produce derived from the forestry in the UK – our contracting sector**
- **Primary process the produce derived from the forestry in the UK – our sawmill sector**
- **Secondary process the produce derived from the forestry in the UK – our board mill sector**

## Main issues for further development

Issue	Barriers, opportunities, and risks
<b>Inclusive terminology</b>	<p>The language used throughout the PDD and the ELMs engagement events and external communications – specifically the use of the terms farmer, forester, and land manager – is inconsistent and sends an unhelpful message. The scheme risks reinforcing the damaging assumption that forestry is not for farmers.</p> <p>ELMs is an opportunity to support a cultural shift away from the binary perception of woodlands vs agriculture and this is essential if the government is to meet its targets for genuinely delivering public goods and tree planting.</p>
<b>Woodland options in Tier 1</b>	<p>Tier 1 should be eligible to all land managers, not just farmers. Including foresters in Tier 1 is vital for meeting woodland creation targets. All land managers will look to the scope of Tier 1 to get a feel for the rollout of ELMs. If they see this limit on incentivising woodland interventions it risks putting off potential applicants and reducing uptake significantly. It will also miss a key opportunity to promote integrated land use, between farming and forestry, and production and environmental benefit.</p> <p>The PDD does not list woodland options in Tier 1, such as (this is not an exhaustive list):</p> <ul style="list-style-type: none"> <li>• Smaller scale planting</li> <li>• Farm forestry and agroforestry</li> <li>• Deer and grey squirrel management</li> <li>• Stock exclusion</li> <li>• Edge and ride management</li> <li>• Tree health</li> <li>• Climate adaptation</li> <li>• Basic broad and shallow woodland interventions.</li> </ul> <p>The scheme risks missing the chance to bring much existing woodland into effective management, the public benefits of which would be significant, as well as excluding many potential applicants from smaller scale woodland creation.</p> <p>If eligibility is widened and Tier 1 includes the right options, it will maximise engagement with ELM and act as a hook to the other tiers. Applicants will also be more likely to engage with the transitional Nature for Climate Fund interventions and so help achieve government targets and maximise outcomes across all sectors.</p> <p>At the very least we need clarity on the question of eligibility and the definition of “farmer”.</p>
<b>Advice</b>	<p>Advice provision is a major area of concern for the sector.</p> <p>The scheme is not yet clear on the distinction between specialist and generalist advice and how they interact (see also Regulation in Forestry below). Tier 1 generalist advisers need to have an overview of forestry options to highlight potential and steer applicants towards creation and</p>

	<p>management, particularly if Tier 1 applicants are likely to come from BPS and so historically disengaged from woodland options. Without this we will not generate leads into the Nature for Climate Fund and the government’s woodland creation agenda.</p> <p>Advice should be an investment, not a burden. Current proposals under ELM suggest that professional advice from the private sector, both specialist and generalist, will not be funded. This adds risks that the current government aspirations for woodland management and creation will not be achieved. The current arrangement of directly funding both woodland creation, i.e. the Woodland Creation Planning Grant and Woodland Management Plans engages and de-risks engagement with would-be applicants.</p> <p>Specialist advice is essential for good management plans and good outcomes; nothing should be approved without it.</p> <p>We need to ask who would accredit specialist advice and must ensure existing expert forestry advisors, who are professionals based in the private sector, aren’t excluded. Existing government money has been spent developing good practice through Countryside Stewardship for Woodland Management Plans. Earned recognition is extremely complicated (the sector has explored it and found it unachievable), particularly with the private advisor’s sign off process. There is also a difference between signing off standards and agreeing for payments.</p> <p>Absolute clarity of advice is essential to maximise uptake, as acknowledged in the PDD. The document also recognises that there is an opportunity here to learn from existing schemes. There is a huge amount of learning in the sector that we could share from across the UK. We would strongly urge our involvement in the development of advisory services and extensive testing in the National Pilot.</p> <p>There are many factors involved in even smaller scale woodland creation. Advice is very specialist, particularly for complex projects such as hardwood timber growing or integrated agroforestry. Success or failure in growing a profitable crop of timber or creating biodiversity benefit can depend on numerous question of species and provenance selection, soil type, hydrology, scheme design, deer impact mitigation, pruning, thinning and retention, extraction routes, local timber markets and processors, ecology, and auditing, well beyond the basic standards covered in the UK Forestry Standard. It covers skills training and knowledge transfer, which will be essential for engaging farmers. We need to invest in skills across the sector, to upskill our existing workforce and attract new entrants, as well as in the advisory capacity of government agencies, something we will raise in more depth in response to the England Tree Strategy consultation.</p>
<p><b>Regulation in forestry</b></p>	<p>We have concerns about the interaction of advice with existing regulation and standards. The UK Forestry Standard (UKFS) is a government standard with strong buy-in across the sector. UKFS stipulates, for example, 10m buffer zones around watercourses and other important features, 15% non-crop land (open ground and native woodland), and regulations on soil and water management. Forestry schemes must comply with UKFS both to receive grants for woodland creation and management, and felling licenses to</p>

	<p>continue production. UKFS is revised regularly with participation from industry, ENGO and public sector stakeholders. It is critical that UKFS is integrated with all tree and woodland options in ELMs as the minimum standard.</p> <p>The current arrangement provides sign-off both for financial support and for the regulatory permissions required by the Forestry Act in one process. If this principle is not retained it would be a significant barrier to uptake and risk a flight of forestry investment to other parts of the UK. There needs to be a single point of accountability for grant approvals by a body that is appropriately resourced and empowered to process applications in a timely manner.</p> <p>We would also argue that public money should be signed off by a public body, as a matter of professional ethics and accountability. We therefore urge that Defra confirm what the role of the Forestry Commission will be in approving grants but also in the provision of advice.</p> <p>Again, there is a lot of learning in the sector to benefit from. Just as it would be harmful to uptake and outcomes if a generalist adviser did not have sufficient understanding of UKFS, it's critical that scheme designers understand how regulation in forestry works so good practice is followed and the process doesn't put off applicants.</p> <p>Development of independent certification should be considered to support compliance and enforcement and drive up standards. The majority of UK forestry is audited annually under the UK Woodland Assurance Standard (UKWAS), providing the basis for international FSC and PEFC certification. The UKWAS standard is based on UKFS and is agreed by industry, public sector ENGO stakeholders, and audits are funded by the industry.</p> <p>If Tier 1 is going to be standards based, we would welcome early discussion on this.</p>
<p><b>Scheme development</b></p>	<p>It is not yet clear enough how the three tiers are distinguished. The most pressing question for forestry, as above, is whether woodland can be created and managed under Tier 1, but more generally making sure there are no unnecessary barriers to this. It would be a risk for government targets and put off potential Nature for Climate Fund applicants by signalling that there won't be ongoing support beyond the initial capital phase.</p> <p>Stakeholders will all be eager to know what the proposed ELM budget is and how that budget will be split between the tiers. This will help us understand and shape how ELM can work across sectors and outcomes together.</p> <p>Regarding the National Pilot, it is essential that it includes forestry, including woodland creation projects on both small and large scale. Only this way will we accurately identify opportunities and barriers with the scheme. With Phase 1 of the National Pilot only applying to Tier 1, it is even more important that Tier 1 includes woodland options and is open to all land managers, including foresters. Limiting eligibility will mean that fewer land managers will have any incentive to invest in woodland creation during the transitional</p>

	<p>period and could put achieving government objectives and targets, for example on tree planting, at risk.</p>
<b>Transition</b>	<p>Currently it is unclear how existing and future schemes are going to fit together, and ELM so far has focused on reassuring farmers. Long-term prospects are just as important in forestry. Potential applicants need more reassurance about how government will ensure people don't lose out by starting now. Transition should be a time of bold experiment, especially given the scale of ambition for the government's tree planting targets. There is a risk that no one acts while they wait for clarity, missing a critical window of opportunity and undermining objectives across the government's agenda.</p> <p>We also need to consider how productivity grants and tree health grants will work in transition and in conjunction with ELM – there will be important touch points with these schemes which are not articulated in the PDD or communicated more widely, currently.</p>
<b>Payment methodologies</b>	<p>The move to using income foregone raises concern. Paying for ecosystem services/outcomes is key for forestry and will help to ensure the scheme is genuinely paying for public goods. If this doesn't work the scheme risks failing to deliver on its stated aims.</p> <p>The challenge of sufficient economic incentives must also be met – this cannot be overstated. As in the Tier 1 discussion, the offer has been insufficient to incentivise the kind of interventions that are needed for both woodland creation and woodland management and to overcome other non-financial barriers.<sup>3</sup></p> <p>In addition, capital grants will still be essential for creation and establishment, in combination with multi-annual options. This should be tested thoroughly through the National Pilot.</p> <p>It will be important to integrate support for woodland creation and management, as appropriate, into the development of forest product supply streams. For example, Woodland Management Plans might include developing local markets for firewood or venison as part of the incentivisation of coppicing or deer control. When creating and establishing new woodlands, consideration should be given as to how they will deliver ongoing value to the landowner independent of government support, for example through the production of timber.</p> <p>There are also tax implications of the proposed change for the payment basis to income foregone that pose a risk to government aspirations for woodland creation. Grants and income from forestry currently aren't taxable – moving to an income forgone basis risks this status and so makes afforestation less attractive.</p>
<b>ELM in wider landscape</b>	<p>To achieve the government's stated goals around tree planting the various strands of the Nature for Climate Fund need to dovetail with ELM and with ELM's longer-term payments and maintenance. ELM needs to be clear on</p>

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

	<p>future payments for delivery against 25-Year Environment Plan outcomes, following on from the initial investment under the various Nature for Climate Fund strands. There is also a question of how other mechanisms, such as carbon market-based schemes will interact with ELM, and a need for clarity around this.</p> <p>Essentially, there needs to be an attractive whole proposition for applicants who need certainty when considering permanent land use change. The offer of capital and perhaps short-term revenue payments from the Nature for Climate Fund will not be attractive unless there is a clear line of sight to ELMs Tier 1 payments in following years. Not addressing this early put at risk much of the Nature for Climate Fund work and the government’s aspirations for woodland creation. It will be important to learn from those who’ve moved between previous schemes in the past.</p>
<p><b>Local prioritisation and targeting</b></p>	<p>Our main concern here is about eligibility. All woodlands can provide some public benefit and intervention, especially creation, is often opportunistic. While woodland should of course be created in a way that delivers maximum environmental benefit, it is essential that all tiers of ELM are open to applications from all those capable of delivering public goods. It is not clear that geographical targeting has worked in the past and may act as a disincentive. Limiting eligibility could lead to the loss of potential applicants and a reduction in delivery against government’s ambitious aspirations.</p>
<p><b>Collaboration and engagement</b></p>	<p>Collaboration and consultation is an integral part of the forestry sector’s processes for both woodland creation and management. Applicants for current incentives and permissions engage well with stakeholders and a recognition of this is needed within ELM. However, the consultative processes in forestry are long and protracted and a review is much needed.</p> <p>Any ramping up of these processes as part of Tier 2 or Tier 3 applications would need to be done with care so as not to reduce the number of applications coming forward and so risk delivery of the government’s aspirations for woodland creation and management.</p>
<p><b>Deer and pest management</b></p>	<p>The urgent need for grey squirrel and deer management must be recognised, properly funded and included at application stage. Currently high numbers of these species are leading to significant negative impacts on the quality of timber, structure and biodiversity of our woodlands. This limits their ability to deliver public or private goods: uncontrolled grey squirrel make it impossible to grow quality hardwoods such as oak across most of England, while deer puts the successful establishment of woodland at risk. Incentives focused on cooperative action between landowners should ensure appropriate management. Ideally such incentives would be focused on the development and implementation of management strategies at a landscape scale. However, there could also be an opportunity to include support in Tier 1 for measures that all land managers can take to responsibly manage deer and grey squirrel.</p>

	A significant body of research and evidence can be found by the UK Squirrel Accord <sup>4</sup> and the Deer Initiative Partnership <sup>5</sup> .
<b>Other key focusses for ELM</b>	<p>As a general principle the scheme shouldn't be overly prescriptive – it needs to be flexible and simple. There may not be a one-size-fits-all for payment methodologies, for example – different arrangements may work for different actions and outcomes. Bureaucracy is a major barrier in the current system – ELM is an opportunity to depart from this.</p> <p>As previously stated, it should be emphasised that forests planted and managed for wood production have significant value for biodiversity. Given the right conditions the sector can deliver on environmental, economic and social priorities together.</p>
<b>Evidence</b>	We do not feel sighted on the evidence the Defra team is using to develop their proposals. We would encourage Defra to publish a bibliography to enable us to identify and fill any gaps for forestry.

**We welcome future engagement with Defra to ensure forestry works for ELMs and ELMs works for forestry.**

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

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