

### Funding and Delivery Mechanisms

In order to deliver the vision for trees and woodland in the West of England, significant funding is needed to unlock the benefits that trees and woodland can provide for wildlife, people, communities, landowners and business. It is also important to understand how the availability of different funding sources will affect landowner decisions on the establishment and management of trees and woodland.

There are a number of new grant schemes and funding mechanisms in development that will need to be drawn upon to provide this funding. These include funding under Defra's Nature for Climate programme, the new Environmental Land Management (ELM) Scheme, Biodiversity Net Gain (BNG), Private Finance, and Carbon Trading and Offset Schemes. Additionally, the growing demand for timber and other wood products means that forestry will also be a financially viable route to creating new woodlands for many landowners.

These can provide many of the resources to get new woodlands established. There are, however, fewer sources of funding to manage non-productive woodlands, address tree disease and plant larger street/urban trees. There are significant challenges not only to address these issues but also in finding the capacity to bid for funding, and to co-ordinate and deliver the action required.

Some of the key, strategic opportunities for funding the ambitions for trees and woodland in the West of England are set out below. All of these opportunities will need to be actively pursued in a coordinated manner across the West of England, using the Forest of Avon Trust, and existing partnerships such as WENP and Bristol Avon Catchment Partnership (BACP), to coordinate action.

Additional funding options for the creation and management of woodland are set out in Appendix I: Potential grants and sources of income for woodland creation and management.

### Defra Nature for Climate funding

In the March 2020 budget, the Government announced a £640 million 'Nature for Climate' fund to support woodland creation and peatland restoration, as part of the UK's response to achieving net zero carbon emissions before the year 2050. The fund will increase tree planting in England, with the Government aiming to work with the devolved administrations to boost tree-planting rates to 30,000 hectares every year over the next five years, the equivalent of 30 million more trees.

In 2020, England's Community Forests, including the Forest of Avon, were successful in a bid for a five-year Trees for Climate woodland creation programme for over 5,000 ha of trees and woodland to be delivered by partners by 2025.

Utilising this funding, the Forest of Avon Trust will work with all four local authorities in the West of England, private landowners and communities to deliver c.350 ha of woodland through a five-year planting programme, guided by this Strategy. This will be achieved through a grant programme run by the Forest of Avon Trust. The first year of funding will be focused on smaller planting schemes close to where people live, totalling 17 ha.

More widely, other organisations and partnerships are now also bidding for Nature for Climate funding, as well as other government funding sources such as the Green Recovery Challenge Fund and forthcoming Nature Recovery Fund. It is essential that these offers are co-ordinated in the West of England to avoid confusion amongst planting partners.

### Environment Land Management (ELM) Scheme

The ELM Scheme will replace the schemes currently available under the Common Agricultural Policy, paying farmers for work that enhances the natural environment, including tree and hedge planting. This is built around

the concept of funding public goods, such as biodiversity, flood management, and carbon sequestration, with public money. The ELM Scheme will consist of three components, all of which are relevant to increasing woodland cover, improving woodland management and/or tree planting:

- The Sustainable Farming Incentive will encourage farmers to adopt environmentally sustainable farming and forestry practices, such as better hedgerow management;
- Local Nature Recovery, which will pay for actions that deliver locally-targeted environmental actions such as creating, managing or restoring habitats;
- Landscape Recovery, which will focus on landscape and ecosystem recovery through larger-scale projects, such as the creation of a new woodland or restoring peatland.

The ELM Scheme will therefore be an important vehicle for engaging landowners and land managers to deliver woodland creation, tree planting, and hedgerow creation, and to better manage existing woodlands and hedgerows. It will provide a mechanism for mobilising public money to deliver the desired outcomes of the Tree and Woodland Strategy and for the delivery of the West of England Nature Recovery Network.

It may be necessary to define regional priorities and targets for the ELM Scheme, which would be relevant for Local Nature Recovery and Landscape Recovery. A West of England Agriculture Group has been set up under the auspices of WENP and BACP, which will explore this prioritisation.

### **Biodiversity Net Gain (BNG)**

The draft Environment Bill requires new developments to achieve 10% Biodiversity Net Gain (BNG), as measured by the DEFRA Biodiversity Metric. BNG is an approach to development that leaves biodiversity in a better state than before. Where a development has an impact on biodiversity it requires developers

to provide an increase in appropriate natural habitat and ecological features over and above that being affected. Using this approach, it is hoped that the current loss of biodiversity through development will be halted and ecological networks can be restored.

BNG should be delivered 'on-site' (i.e. within the development), but any residual impacts on biodiversity that cannot be addressed on site can be offset 'off-site'. Delivery of on-site BNG provides an opportunity to integrate trees, hedges, woodlands and other habitats into developments. Any off-site delivery of BNG may provide funding for delivery of habitat, including trees and woodland, outside of the development site and potentially in strategic locations across the West of England. A 30-year commitment to managing habitat created under BNG will be required, funded through the BNG agreement.

BNG Guidance and an Implementation Plan has been produced for the West of England, commissioned by the four UAs and WECA, and the UAs and WECA are considering options to take BNG forward individually and jointly. Strategic priorities for delivering BNG in the West of England will be considered in this process, and the Tree and Woodland Strategy will help to inform these priorities.

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### Productive woodlands

Demand for timber and wood products is strong, with the UK importing 82% of its timber needs, and prices for softwoods and hardwoods rising over the previous decade<sup>24</sup>. There will, therefore, likely be demand and funding for productive forestry in the West of England. Due to the impact of grey squirrels on broadleaved woodland and the ease of growing coniferous species, among other factors, coniferous forests (softwoods) currently provide the most viable method of timber production, but there may also be funding available for productive broadleaved woodland (hardwoods).

Coniferous forests generally have lower biodiversity than native broadleaved woodland. However, appropriate management techniques, such as continuous cover regimes, can increase the biodiversity value of productive forests, and incorporation of native, broadleaved species into productive forestry in a way that enhances ecological connectivity could enable timber production to contribute towards nature's recovery. Productive forestry can also contribute towards carbon sequestration and, if appropriately placed, natural flood management.

There is also scope for the management of semi-natural woodlands to produce other wood products while improving their value to biodiversity, such as through coppicing, although demand for products produced through such techniques will likely be lower than for timber.

### Regional Funding

There is regional and local funding available in the West of England for Green Infrastructure (GI), through mechanisms such as the WECA Investment Fund. For the Investment Fund, projects are invested in based upon 'their contribution to supporting clean and inclusive economic growth and fit with the emerging Local Industrial Strategy'. Given the demonstrable economic benefits of GI projects, including those

that incorporate trees and woodland, this is a potential funding source for funding projects.

The JGIS Pipeline sets out multifunctional GI programmes and projects within the West of England that contribute towards delivering the eight GI Outcomes outlined in the West of England JGIS. This pipeline is being used to identify the greatest opportunities for investment in multi-beneficial GI projects that deliver a regional benefit aligned to the JGIS. Three projects are currently being promoted through the WECA Investment Fund, all of which are likely to incorporate trees and woodlands. Further opportunities may arise to promote GI projects through the Investment Fund.

**There is an increasing recognition from businesses and other organisations of the reliance of their operations on the natural environment, and the value of investing in the natural environment to ensure the sustainability of the benefits and functions (ecosystem services) it provides.**

### Private Finance

There are mature markets for private investment that are capable of funding nature-based solutions in the UK if there are sufficiently scaled models for matching private finance with the delivery of NBS. Additionally, the Government's [Green Finance Strategy](#) recognises the need to unlock private finance for investing in the natural environment, and is supporting a pilot scheme to funnel more private sector investment into the natural environment.

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<sup>24</sup> Forestry Commission, (2020). Timber Price Indices: Data to March 2020

Trees and woodlands can provide many of the ecosystem services for which there is private demand, including carbon sequestration, natural flood management, biodiversity, and improvements in water quality. Urban trees can provide additional services such as cooling, shade, improvements in health and wellbeing, and increases in productivity. It is likely that much of the private demand for trees and woodland will come through the need to sequester carbon, but there is potential for trees and woodlands to deliver multiple (or 'stacked') ecosystem services.

However, to access private funding, there need to be mechanisms and structures in place to match demand for investment with supply from landowners or land managers. Mechanisms for aggregating demand and supply will also facilitate strategic interventions and solutions in locations that maximise the benefits provided, including in the Strategic Woodland Areas.

**Blending public and private investment will, therefore, be key to delivering our ambitions for trees and woodland**, enabling landowners to plant trees and create woodlands at a commercially attractive rate. To maximise the opportunities provided by private investment, regional priorities for the delivery of nature-based solutions will need to be agreed.

The Broadway Initiative's paper on 'Accelerating private investment in nature-based solutions' sets out these opportunities and challenges in more detail, and identifies potential solutions to facilitate private investment in nature-based solutions<sup>25</sup>. Some of these solutions are being pursued in the West of England as outlined below.

Wessex Water, Avon Wildlife Trust and Wiltshire Wildlife Trust are working in partnership to develop a **Bristol Avon Catchment Market**, which is an environmental marketplace bringing buyers of environmental services together with sellers of nature-based solutions to deliver better, more cost-effective outcomes for the

environment. The aim is to accelerate green recovery in the catchment by kickstarting a market for landscape-scale, nature-based solutions. A substantial 'cornerstone' investment is needed to kickstart the market, with options for such an investment being explored.

Avon Wildlife Trust is also developing a '**Wilder Carbon**' model, which will bring together funding from private organisations and charitable donations to sequester carbon through nature-based projects.

In addition, [Landscape Enterprise Networks \(LENs\)](#), which is a regionally focussed approach that 'harnesses commercial interest in how landscapes function to drive investment and innovation around strategic assets' such as habitats, soils, access infrastructure and aquifers, is being developed in the Bristol Frome Catchment. LENs aims to respond to the reliance of businesses on the landscapes around them and to harness this commercial interest to deliver environmental outcomes.

In the context of the tree and woodland strategy, these mechanisms should be used to identify shared interests between businesses in tree planting and woodland creation (e.g. in the creation of woodland for carbon sequestration or for natural flood management), and to design and fund interventions that meet these needs.



25 Broadway Initiative, (2020). Accelerating private investment in nature-based solutions