

# Developing a natural capital payments scheme for woodland creation in the North East Community Forest

## ABOUT THIS BRIEF

This summary describes a payment scheme designed to provide grants to landowners for planting new woodland in and around the North East Community Forest area. The scheme, commissioned by the North East Community Forest, establishes the best locations to target, and sets payment rates that reflect the public benefits delivered.

## BACKGROUND

The North East Community Forest covers the southern parts of Northumberland, the entire geographical boundaries of Newcastle, Gateshead, North Tyneside, South Tyneside, and Sunderland, plus the main urban areas of County Durham. The North East Community Forest's long-term goal is to increase tree canopy cover across North East England to 30% – almost double the current national average. By doing so, this will improve the natural environment, help tackle the climate and biodiversity crises, and create happier, greener, and healthier places for people to live.

The North East Community Forest has received money from Defra's Trees for Climate programme to deliver grants for woodland creation across the area. To ensure that the funding delivers the best possible returns, this project sets out to design a payment scheme to encourage landowners to plant in areas that offer maximum benefits.

### This project had three aims:

1. Map the relative importance of different locations for new woodlands to enhance a range of benefits, from air pollution reduction to homes for wildlife
2. Calculate the monetary benefits of new woodlands at different locations
3. Design a financial offer for landowners to plant new woodland, based on the value of the benefits delivered.

## SCHEME DESIGN

'Habitat opportunity' maps were created to show where new woodland would provide the most benefits in terms of biodiversity (with a focus on enhancing connectivity), water flow regulation, water quality, air quality, noise reduction, local climate and access to natural greenspace.

The monetary value of these 'ecosystem services' was then calculated using the latest valuation techniques and taking into account the time that it takes for benefits to accrue as new woodland develops. The area was divided into three priority zones for each ecosystem service – sites returning high, medium and lower benefits, and an additional riparian zone (areas adjacent to rivers and streams) that was only relevant for water quality and water flow regulation.

To create the financial offer for landowners, the values of the ecosystem services were grouped into four categories, summed for each zone and divided by four, giving an ultimate cost:benefit ratio of 1:4. This offer excludes the monetary values of recreation and health benefits, as their addition would have exceeded the funding available under the scheme. Instead, if landowners provide new permissive access, they will be eligible for a public access payment, with the rate determined on a case-by-case basis, up to double the amount of the offer.

ZONE	AIR, NOISE AND HEAT MITIGATION	WATER FLOW AND QUALITY	BIODIVERSITY
Riparian	N/A	£80	N/A
Zone 3	£100	£50	£270
Zone 2	£80	£30	£180
Zone 1	£20	£20	£90

### Requirements for public access payment

- Permissive access provided on land that does not currently have access to it
- Access permitted for a minimum of 15 years
- Access allowed during daylight hours for 365 days per year (unless otherwise agreed with the North East Community Forest)
- New paths created (including linking to existing public rights of way, where possible)
- Access map provided showing where the paths and signs are to be located
- Advertisement (physical and/or digital) that there is access to the site (i.e. waymarkers, signage at entry points, online maps).

Table showing the annual payments per hectare that would be received. Zone 3 is the highest priority zone, except for water flow and water quality where separate values are calculated for riparian areas. Note that carbon sequestration and timber benefits were not valued, as separate markets already exist for these, and they are not being included in the landowner offer.

For the final offer, therefore, landowners can receive between **£130 and £450 annually per ha**, depending on where the new woodland is situated, **with a 100% increase for providing new public access**. Landowners will receive 70% of this payment upfront, 20% in year 3, and the rest (10%) in year 10. **A payment to cover the initial capital and maintenance period costs** is also provided. Applicants can also apply for additional funding for carbon sequestration via the UK Woodland Carbon Code. The benefits, values and payment rates have been calculated for each individual field across the study area. Full ecosystem service payments may not always be available. Therefore, in all instances, payments require confirmation on a scheme-by-scheme basis by the North East Community Forest team.



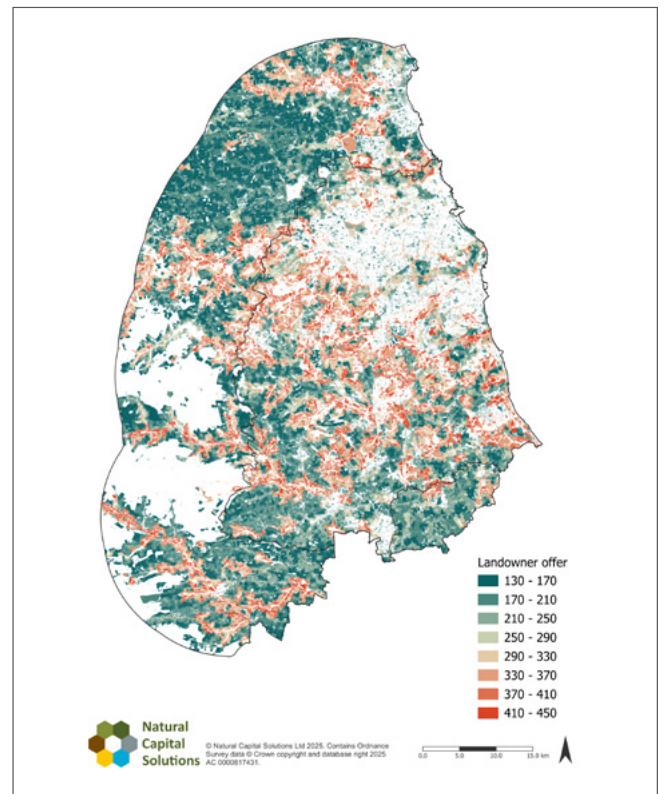
## AVAILABILITY OF SITES

Analysis across the North East Community Forest and adjacent area showed that almost 210,000 ha of land offers opportunities for new woodland creation. Approximately 17,600 ha (5.3% of the total land area) provide the highest levels of public benefits and would receive an offer of at least £370 per ha (excluding uplift for public access), and 132,000 ha (39.6%) provide medium levels of benefits and would receive an offer between £170 and £370 per ha. With the new payment scheme to encourage landowners, this shows that there is ample opportunity to achieve the goal of a varied countryside rich with woodland, and for the benefit of everyone.

## FURTHER APPLICATIONS

The North East Community Forest mapping and payment scheme offers several innovations that make it a useful template for future projects.

- It calculates locally specific values, to the level of each field across the area
- It can be used to target woodland creation in areas delivering the greatest combined benefits, or focus on individual aims, such as increasing publicly accessible woodland
- As well as providing evidence for the Trees for Climate scheme, it can be used for identifying sites for biodiversity net gain, developing a nature recovery network and strategy, and generating key evidence for natural capital investment plans.



Total payment (in £ per ha per annum) that would be offered if woodland was created, for each field across the area, excluding public access payments. Blank areas are constrained or unsuitable areas or areas that are already woodland.

Eligibility criteria: new woodland creation projects must meet the Forestry Commission definition of woodland, have obtained regulatory consent from the Forestry Commission, be in keeping with the Trees for Climate grant reporting standards and terms and conditions, and be a minimum 2 ha in size.