Call for Evidence: ***Expanding the role of the private sector in nature recovery***
Department for Environment, Food & Rural Affairs – England
Submission deadline: 11:59pm, 7 August 2025

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About the Institute of Chartered Foresters
The Institute of Chartered Foresters (ICF) is the Royal Chartered body for Foresters and Arboriculturists in the UK. We have 2,300 members who practice forestry, arboriculture and related disciplines in the private and third sectors, central and local government, research institutions, universities and colleges throughout the UK. The Institute regulates standards of entry to the profession. It provides support to its members, guidance to professionals in other sectors, information to the public, and educational advice and training to students and tree professionals seeking to develop their careers in the forestry and arboriculture industry.

Our response
This response has been informed by members of the Institutes Green Finance Special Interest Group.

Section 1: Policy Principles

Q1. Do you agree with the 4 intended objectives for policy to increase investment in nature set out above?

Objectives to consider:
- Economic growth
- Business certainty
- Innovation
- Fair & proportionate burden sharing

Our response:

The four objectives are good keystones of policy development, but they lack visibility of the need/desire to sustain the current landowners and communities associated with them. Whilst an element of this is touched on under 2: Business certainty, the current drafting doesn't deliver confidence that the economic side won't manipulate the current community structures.

We would propose that there is a 5th policy objective to express that the application of Green Finance and its impact in the landscape of community/farming/forestry seeks to build stronger rural businesses and associated communities. Alongside this, fair and proportionate burden needs to include fair and proportionate reward. Whilst the polluter pays principle is integral to this, many landowners are already operating in high regulation environments (forestry). The rewards we are seeing offered to owners for their beneficial actions are currently low given the long-term burden and impact on the asset. Further work is required to ensure that the current value proposition is sufficient to deliver the desired outcomes.

To drive meaningful investment into nature from the private sector, businesses will need a level of confidence and certainty in the relevant market, and importantly, consistent support from the public sector. What is missing here is a clearer initial understanding of how the public and private sectors will interact and work together.

Q2. Is there evidence from existing domestic or international policies which the government can learn from regarding:

- The benefits of policy action to increasing private investment in nature
- The policy actions that are the most effective and efficient
- The risks of policy actions to increase private sector investment in nature

Our response:

Consistency of government signals with multi-annual/longer-term commitments so businesses have confidence that investment is worthwhile.

The Woodland Carbon Code (WCC) has been developed by government and has been the principal instrument for carbon accounting that has attracted associated private finance in the forestry sector to date.

Maintaining the quality and integrity of the WCC has helped it to achieve carbon prices that are significantly above the global average, thereby drawing in higher levels of private finance at a time when confidence in voluntary carbon markets globally has been shaken.

Government has a continuing facilitating role in commissioning research and evidence to help build nature markets that can become viable for private sector finance; for example, research on the science to demonstrate the outcomes of land management activities on ways to monitor, measure and evaluate outcomes.

There are multiple examples of private sector funding and government funding into developing countries. E.g. New Generation Plantations and the Welsh Government funded PLANT! Scheme. What is notable is that in certain instances subsequent organisations have had to remedy the negative impacts of the original schemes, e.g. Eucalyptus plantation schemes. The learning here is not that these schemes have failed to deliver, it is that the objective, range of impacts and local social outcomes have needed to flex and evolve away from the original objective of the funder.

Section 2: Outcome- & Sector-Specific Questions

Outcome 1: Clean and Plentiful Water

Q3. Which sectors could and should contribute as part of a catchment-based approach to water management for nature recovery?

ALL sectors can contribute in collaborative ways. For instance, farming, forestry, construction, nature preservation and highways could manage elements of their land for outcomes that are positive for water quality, water flow, flood resilience and water retention. This may be through reduction of chemicals using leaky dams or balancing ponds.

Collaboration occurs when you start to look at catchment focused issues e.g. local businesses subject to flooding could invest in mitigation/flow management or retention within their local catchments. Those businesses that rely more on the consumption of water could fund projects to improve water quality through reduction of pesticides or use of regenerative farming techniques to ensure ongoing supplies.

An example of this is the Rivers Trust Replenish scheme. This would encourage businesses, and the individuals who work in them, to consider and minimise their water use.

Q4. What are the barriers to incentivising sectors that depend on the water system to invest in water outcomes? What actions are needed by government to address these barriers?

A lack of methodology for businesses to report benefit from projects like this, for example through TNFD.

A lack of awareness and accountability of the state of the land-based sector from businesses up and down the supply chain. Initial actions could include an increased education and involvement of a wide range of sectors – a collective approach (as in Q3 answer above).

The significant barrier is the organisation, integrity and long-term security of schemes at a landscape scale. They are expensive to organise, obtain catchment level buy in and secure long term land management change that sufficiently funds the landowners to ensure this is part of a sustainable and resilient business. Income foregone is not an appropriate measure as with the loss of BPS and the downward pressure on food, many land managers are struggling to make a sustainable income from the landscape.

This combines with the current lack of clarity of taxation for nature type credits and a robust accreditation system for validation and verification of these schemes.

The government role in this could be as a kick starter to help catchment scale projects. This could be done in the same way as the agri-innovation funds where there is seed corn funding for ideation, which can then progress to partnered funding for project development and delivery using a match fund system.

A lack of monetisation of the value of these benefits. Experience suggests that action is diminished if there is no monetary reward. An example within the forestry sector is the lack of recognition that plentiful clean water emerges from woodlands, in a controlled manner. This could be hugely valuable and has the potential to save billions of pounds in the future. Yet the forestry sector realises none of the benefit and all the challenges against planting new woodlands to benefit society.

Please see comment under previous question on government's role in research and development

Q5. What activities by water companies that support nature recovery have potential to attract additional private-sector investment?

No response.

Q6. What should our priorities be when assessing the benefits of environmental enhancement measures proposed by the water sector?

No response.

Q7. How can the water sector ensure that opportunities to deliver multiple benefits are considered from the start of investment planning and decision-making?

Forestry is already accustomed to delivering multiple benefits, as shown for example through the policy infrastructure that supports forestry in the UK; the UK Forestry Standard and its supporting guidelines, and the various grant schemes that are designed and targeted for multiple outcomes.

There is a current debate about bundling and stacking which is relevant. Bundling already happens, for example in the woodland carbon market where new woodlands deliver multiple benefits in addition to carbon sequestration. This appears rarely recognised by those buying units and it does not impact or improve the value of PIU's or WCU's materially.

The feasibility of stacking will depend on whether different outcomes can be reliably measured and monitored as discrete units, and whether additionality principles can be met (this is a critical issue in carbon markets).

For stacking to be a realistic option and design criteria to objectively include water outcomes at an earlier stage, clear signposting or support project developers (employed) is necessary. Examples of where this worked well historically were with Farming and Wildlife Advisory Group (FWAG).

Outcome 2: Nature based Carbon Reductions

Q8. What are the reasons why businesses fund or buy nature-based carbon through insetting agreements or markets such as the Woodland Carbon Code and Peatland Code?

For some, nature-based carbon units are held in high regard, as they are often generated with additional benefits, such as positive outcomes for biodiversity etc. In the early days of the WCC, corporate social responsibility was an important driver. The incorporation of net zero targets into climate legislation a few years ago saw a rapid increase in interest from companies seeking to offset their CO2 emissions.

Various companies have indicated that the high integrity of the Code and the wider benefits delivered by woodland projects are important in their purchasing decisions.

Other businesses are choosing to speculate on the value of carbon with the parallel income of timber. The integrity of the scheme is incredibly important to these owners but there is concern that the costs of verification are significant making this an unrealistic option for small woodland creation sites even using group WCC schemes.

Q9. What are the barriers for businesses in buying nature-based carbon through markets such as the Woodland Carbon Code and Peatland Code?

Market confidence: nascent markets often face a confidence-scale dilemma: scale builds confidence, and confidence drives scale, currently the UK nature-based markets can't offer this. Larger buyers (who seek scale) may be lacking conviction in the viability and trajectory of nature-based markets.

As the understanding of what a PIU is increases there is an objective decision by many seeking carbon offsetting options not to use them for their offset plans with many then seeking to buy their mature version the WCU.

This unwillingness to purchase PIUs is a barrier to increasing scale in the woodland carbon market. This is coupled with the high barriers to entry which include land cost, planting uncertainty and the costs associated with creating a compliant scheme. Of note is also the changes to the WCC that have been frequent in recent years and have not supported investor confidence at times.

There is also a strong unwillingness to see PIU's into the market as there is a general feeling of undervalue and concern about the long-term liabilities that are coupled to their disposal. Many owners now appear to be waiting for the WCU's to mature as the anecdotal evidence to date is that they benefit from a significant uplift in value (three to four times that of PIU's)

There is a need for mechanisms to de-risk the market to achieve scale in future and maintain landowner and investor confidence. The insurance market has shown some interest in the carbon market which could help – arguably, an effective insurance market is a key building block.

Q10. How can government ensure policies to support tree planting are also effective in unlocking private finance for woodland carbon?

Give planning enabling and environmental assessment grants. Some members feel that more money into the current woodland creation grant scheme pushes land prices up.

Government action needs to go beyond simple tree planting targets and grant support to drum up (especially institutional) investment.

The process of securing land, obtaining planting approval and then delivering new woodland creation is time consuming, costly and has a growing level of uncertainty around environmental approvals and as now seen in Scotland localised challenges to regulatory systems. These challenges all combine to diminish financial returns, reduce investor confidence and frustrate landowners.

Whilst still ensuring the correct trees are planted in the correct location, the planting approval process must be addressed to boost developer and manager confidence and get closer to hitting the government targets. Of key importance is that the regulator must defend their processes and systems if challenged in the courts.

Of significant benefit would be greater level of public sector support for the forestry and tree planting industry in such a way that it can public demonstrate the benefits of multifunctional forestry to politicians, members of the public and vocal objectors.

If Defra can find a way to bridge the gap between establishment and return that may bring on stream a whole new group of woodland developers.

Q11. Which sectors could be further incentivised to use, reuse and recycle timber as a low-carbon material?

New build construction, retro fit and sustainable insulation, should be incentivised to use UK grown wood and invest in sustainable UK forestry. There is a robust methodology for calculating and reporting carbon benefit including Greenhouse Gas Removal through long-term storage developed by Wood for Good and Wood Knowledge Wales. This reporting would be applicable to all harvested wood and would not require additionality or affect the WCC.

Whilst recycling is at an all time high it is also important to ensure that timber is used within the circular economy for its highest benefits. The incentivisation of recycling into reusable products prior to end-of-life disposal is key. This may be modular building, recycling of packaging or increase recovery through construction and demolition.

Q12. How could businesses which emit greenhouse gases or have negative impacts on biodiversity be further incentivised to fund or buy nature-based carbon reductions and removals, in line with the polluter pays principle?

The key challenge with investment into the market is scale. Many of the major polluters are seeking schemes that can help them offset or mitigate multiyear emissions. The reality is that land-based carbon removals are part of a decarbonisation programme not the solution to it.

Creating partnerships that can access funding to kick start landscape scale schemes will unlock much of the landowner network who are keen to find new sustainable incomes. By blending or aggregating investment across carbon, nature recovery and regenerative schemes the risk for the investor is reduced and the landowner is not exposed to the risk of single entity green washing.

Work with (or without) the Science Based Targeted Initiative SBTI to enable peatland credits to be used in gold-standard carbon reporting.

Explore the opportunity for a timber in construction carbon offset for beyond-net-zero timber construction to be accredited under the EU Carbon Removals and Carbon Farming regulation.

Outcome 3: Access to Nature

Q13. What measures could be used to increase and diversify funding to ensure our Protected Landscapes are sustainably resourced?

A robust system such as Biodiversity Net Gain (utilised by the planning system) being made available to investors through a regulated and credited body.

A blended approach of public/private investment – e.g. allowing community councils or UAs to go out to local businesses and create partnerships using their assets.

Long-term corporate partnerships/funding programmes – support the establishment of commercial and community partnerships through seed funding.

Community-based tourism enterprises (profits reinvested); tourist tax.

Q14. Would you support greater application of the beneficiary pays principle in Protected Landscapes?

In very popular locations a tourist tax (e.g. £1 / night) as used in many European cities could provide funding to fund environmental infrastructure such as example path repair, public transport provision or waste removal.

Q15. Would you support greater application of the polluter pays principle in Protected Landscapes?

The principle of polluter pays would appear sensible in application at all landscapes. The greater challenge is in understanding the scale of the impact not just to the localised environment but also its social impact and the knock on to local businesses dependent on that landscape.

An application for this could be the impact of dog flea treatment on aquatic ecology. https://www.theguardian.com/environment/2025/jun/17/dangerous-pesticides-pet-flea-treatment-detected-english-rivers

Q16. What are the benefits, and barriers, to businesses investing in actions which help to contribute to 30by30?

The policy on this should be integral to, not separate from, the other targets in the Global Biodiversity Agreement which are around regenerative production and supply chains. For example, a UK framework for TNFD could be produced which requires companies to calculate their land occupancy and then encourages them to support a 30% conservation area.

If large scale investment into the actions were to start to emerge, the public and commercial understanding of what is currently a nascent market segment would develop equally quickly. The need to demonstrate the value of the environmental outcomes and their potential impact is desperately needed. 30by30 could be the tool that delivers critical mass within the nature market and the role of offsetting.

Q17. In order to support access to green spaces in more urban settings, what measures could be used to increase and diversify funding for local parks and natural spaces?

One business model could be where government provides seed funding (possibly a coordinator/fund seeker/business development manager) which/who is then used to encourage the private sector to contribute and/or mobilise community engagement (building capacity from possibly nothing) over several years.

Outcome 4: Flood Management

Q18. Which beneficiary sectors are best positioned to fund natural flood management?

A variety of sectors - property developers, utility companies, transport sector, insurance sector. Local community/landowners should be involved in these processes.

"Flooding is expensive" so risk assessment and management is key to avoid it in the first place. Business can understand risk if it is borne by them. So, whilst the theme of the call for evidence appears to be "cash", the "role" could be interpreted more widely to, "holding or managing the risk". Insurance for nature might possibly play a role somewhere. There are probably other roles under the "risk management" banner too.

Property developers engaging with BNG would appear to be a good demonstrator of those best placed to deliver outcomes.

A local business may be best placed to invest at a local scale but to co-ordinate this it could be argued insurers or mortgage companies should fund the development of platforms to seed fund local investment and mitigation schemes.

Q19. What mechanisms could best enable this?

A combination of tools such as premiums aggregation – i.e. those flood elements of the insurance premium could be pooled via something like the AIB and then using a model like the Heritage Lottery Fund deliver seed or grant funding to establish local mitigation and payment schemes. This is reliant on motivated actors to undertake the development of these schemes.

An alternative may be allowing local authorities to create interest groups or target areas, and they are then allowed to seek private investor funding. This would need a single regulated mandatory standard by which all these schemes would be administered or local authorities may run into financial mismanagement problems.

Q20. How can mechanisms such as these account for and adapt to the local nature of natural flood management?

Remove guidelines for scheme development which are scored against a fixed set of outcomes. E.g. there are multiple ways to stop flooding via tree planting/leaky dams etc. but to receive funding the scheme must demonstrate that it has hit its targets for protecting homes/businesses or water quality outcomes.

Outcome 5: Sustainable Land Use & Food Production

Q21. What policies or financial models have been most successful in improving environmental performance and sustainability within the food and drink sector? Please provide evidence.

No response.

Q22. What further measures would be most effective in incentivising the food and drink sector to reduce its impact on nature and increase its investment in nature recovery?

No response.

Q23. How can measures best be designed to ensure fair distribution of costs and accountability across the food and drink supply chain, and to avoid putting domestic farmers at a disadvantage?

By encouraging mechanisms within schemes such as TNFD guidance that link consumer (e.g., a company's workforce) and land directly through a general requirement for regeneratively-produced food, rather than attempting to trace every commodity back to source.

By increasing accountability to importing suppliers rather than penalise our domestic producers who in many cases do less damage to the environment than others. The domestic industry can then be improved as food costs increase without sending shockwaves through our already hard-hit farming community.

Q24. How can measures recognise and mitigate the impacts of the wider bioeconomy on land (for example, the use of natural fibres, timber, paper and pulp)? Which sectors are most important?

UKFS and UKWAS act to mitigate impacts of forest and woodland management on the wider bio economy. Continued investment in these standards is important in ensuring that forest operations do not impact soils, water and biodiversity. Government purchasing and contract requirements taking account of these standards, and particularly UKWAS, is important in driving sustainable forest management in the UK and wider.

Q25. What measures could be used to increase investment in sustainable timber production and processing, and timber reuse and recycling?

See 11 & 12 above.

There has been a tendency to see forestry and nature recovery as two separate outcomes that are in competition with each other. We need a wider recognition of the importance of managing woodland to deliver timber products is complementary to improving environmental outcomes and a more open discussion about the importance of high-quality silviculture.

Developing a narrative that links nature recovery with woodland management and the products arising from that management creates a story which helps add value to products made from timber from the nation's woodlands. Further Defra should be ensuring that future management is built into the woodland design plans of all exchequer funded woodland creation.

There is also a need for Government to encourage and fund research into novel uses of woodland and to reward owners of existing woodland for maintain high standards of management.

The horizon scanning paper on the future of UK forests identified new wood product markets stimulating more active forest management as one of the top 15 issues. To date there has been a continued focus of traditional wood products - we need to encourage the development of novel products and timber uses to drive a step change in woodland management. New products do not necessarily act as an alternative to existing timber uses and production, rather they may increase the overall return from a woodland through the use of product that currently has no economic value.

Outcome 6: International Finance & Access/Benefit Sharing

Q26. Are you aware of your international nature-related risks, dependencies and impacts, for example, through using frameworks such as the TNFD? If so, how do you manage and address them?

As a sector we aware of international risks especially around plant health, commodity trading and migrating workforces. Whilst TNFD is a topic of discussion there are few forestry sector business that currently fall under its influence.

As a sector the impact of Ash Dieback, Dutch Elm Disease, Ips Typographus, and many other pests and diseases has been of great concern and impact over several decades. The greater concern is that it has taken the legislative impact of Brexit to mandate Plant Passports and better phytosanitary control.

We are overtly aware of the impact and have sought to manage it domestically often unsuccessfully. Whilst the TNFD and other climate obligations or goals are pertinent to the focus on forestry we are now enjoying, the primary mandate, when considering landscape recovery, investment and sustainable management must be to reduce international risk of material imports (untreated timber), regulate high risk plant imports and develop accountability schemes that support protection and recovery of existing landscape elements not just creation of new habitats.

Q27. What role is global nature playing in your investment strategy? For example, are you exploring investing in international ecosystem services, including biodiversity credit markets, or avoiding certain types of investments due to their impacts on nature? What would help you better integrate nature into investment decisions?

Primary exposure within the forestry investment market is to organisations that have sought to use international carbon avoidance schemes as part of their offsetting program. There is often surprise at the small scale and high cost of UK based schemes and although their high integrity status is often a good enough reason for the investor/business to support them it is increasingly difficult to satisfy the needs of UK based companies.

The recent anecdotal failures of international VERA accredited offset and avoidance schemes has created a level of wariness on the part the landowner and investor. This perception of green washing is difficult to dispel and where the majority of voluntary carbon units are PIU's the value/credibility/usability rations are insufficient for investors to look past this.

Q28. How can the UK help ensure that biodiversity co-benefits are integrated into international carbon markets, and vice-versa? How has your experience with carbon markets influenced your approach to nature markets?

By supporting the development of a credible accreditation and verification scheme that either sits alongside carbon codes or that integrates carbon and biodiversity into one platform.

Feedback from practitioners of the schemes is that the WCC is now on its third iteration in 14 years with two revisions in the last five years. These changes have been in response to concerns over scheme developers' actions, the need to update models and regulations.

The result of a series of changes is that scheme developers, investors and landowners have become less willing to create new schemes. Whether due to financial return, risk or complexity is unclear but this frequency of change in the early period of development could be considered a transferable risk to any new/alternative nature scheme.

Q29. Does the concept of access and benefit sharing apply to your organisation or sector? If so, how do you incorporate benefit-sharing into your business model?

No comment.

Q30. What are the key challenges to investing in nature-based opportunities in biodiversity-rich countries? What can policy makers and market enablers do to help scale international nature investment and better connect supply with demand?

No comment.