

Major English Landowners & Net Zero: *Challenges, Opportunities & Government Support*

WORKSHOP SUMMARY, LONDON, JULY 22 2024

Background & Objective

Non-governmental Major Landowners (MLOs) manage a significant proportion of England's land area, and hence represent a major opportunity to accelerate the delivery of Government's environmental and climate objectives through land use change. At the same time, there is keen interest from these organisations to align their ambitions and actions with the Government's environmental objectives.

On July 22, the Land Use for Net Zero, People and Nature (LUNZ) Hub hosted a workshop to examine the role that MLOs can play in driving land use change across England, the barriers they face, the potential for greater collaboration and the role the government might play in supporting this transition through a variety of different policy mechanisms.

The workshop was attended by representatives of some of the principal categories of landowners (utilities companies, legacy landowners, third sector, institutions- see Annex 1), as well as participants from DEFRA and the LUNZ Hub. In advance of the workshop, a questionnaire was distributed among the MLOs to better understand the range of activities they are currently undertaking, and the challenges and opportunities they have identified.

The following is a 'Chatham House' summary of the discussion, organised according to eight categories of potential government and other stakeholder intervention that were raised during the workshop.

1. A Clear National Direction

- Participants explained how an external land use planning framework would give MLOs something they could align to, measure against, and use as a model to guide their own land use decision-making.
- As it stands, policy implementation tends to focus on single priority issues (e.g. Sites of Special Scientific Interest (SSSIs), or tree planting). This leads to siloed thinking that may cause unintended consequences or missed opportunities for multiple benefits. These silos are rigid and mechanisms to overcome them are lacking. Silos are equally apparent within the MLO's own organisations.
- Any land use strategy/framework must be able to balance competing needs. For instance, Net Zero could theoretically be achieved by replacing dairy farms with woodland, but this would ignore other objectives such as food security and not generate the preferred outcome overall.
- Any framework would need the right level of detail/prescriptiveness. Area-based targets, such as the woodland cover percentage targets, are particularly useful as they can then be applied by different landholdings, enabling them to prioritise different areas. Layered spatial datasets would support this process.
- There is a need to reconcile food production and nature recovery outcomes. To resolve this tension, one participant had moved from organic to conventional farming, a step which increased food production and allowed them to commit more land to nature. They questioned what the impact would be of scaling this kind of decision across the country.
- One suggestion was to make better use of the existing Agricultural Land Classification System (ALC 1-5) to help land managers prioritise and dedicate land to nature restoration. This could be accompanied by targeted data mapping and stakeholder collaboration. A recent Systematic Conservation Planning Workshop showcased software being applied to this challenge. It modelled the use of ALC grade 1 and 2 land for food production, leaving the rest for nature recovery.

- There is a need for the explicit recognition/identification of archetypal farming 'categories' with different social, economic and environmental characteristics, needs and potential. This would help MLOs decide what could be done with different agricultural systems and designate different responsibilities between them accordingly. It could even incorporate both farming systems and land use types – to consider e.g. cropping vs bioenergy.
- Climate change impacts (e.g. from temperature change over time) could be built into such a framework, to support a just transition and provide resilience against a changing backdrop and not just the status quo.

2. Connection between National, Organisational and On-farm Targets

- Nature investment has different levels of priority and focus according to the different organisation types, and this is reflected in the different approaches to roll-out. Decarbonisation is the utility companies' largest challenge, while another MLO explained that their land holding consists of individual estates, essentially large businesses in their own right, which prioritise visitor numbers and membership over land use decisions.
- One participant gave the example of their own value creation framework which incorporates financial, social and economic priorities and looks to define (qualitatively and quantitatively) what success looks like for each one at portfolio level. This enables them to trace impact and identify trade-offs holistically.
- Another explained how their organisation had made more progress on nature than net zero, because putting lower grade agricultural land into nature was a straight-forward step. In some areas, pursuing carbon (through tree planting) is perceived to be counter-productive for species diversity, productivity etc.
- MLOs need to influence their tenants now – and not wait for existing Agricultural Act (AHA) and Farm Business Tenancy (FBT) arrangements to turn over. Key to this was promoting a new way of management that would also enable them to maintain profit. They faced the dilemma of how much of the change they should pay for themselves, and how much should be left to the tenants.
- Making the case for change with land managers is made challenging without clear vision or directives from the government or, for example, the Climate Change Committee that the MLOs can use as collateral or motivation.
- This needs to overcome some scepticism among farmers with government priorities borne from the historic reversal of priorities – e.g. percentage landholding burning targets, moorland draining. They would rather wait until there is clarity and consistency across the whole country before acting.
- What is missing is the 'connective tissue'. This would support MLO-generated, 'owned' KPIs which would tie into government data on the performance of different sectors that show what they should be doing and at what rate.

3. Clear Standards around Data Use

- Compelling data and a clear narrative are needed to really engage farmers. Existing sequestration and emissions reduction delivery plans are not ambitious enough. There are misconceptions that Net Zero can be achieved by 'nibbling around the edges' (e.g. implementing no-tillage etc), rather than wholesale change. The Sustainable Farming Incentive is perceived as not ambitious enough to drive real behaviour change.
- Data is also needed by the MLOs themselves to build a solid, cost-based argument internally. Otherwise, land use advocates found themselves losing out to other departments within the organisation with better-evidenced solutions.



- Participants pointed to limited statistical oversight over their tenants (livestock counts, practices etc), and little expectation to collect this information from them (outside trials and research). They are keen to improve the data landscape, however.
- Some participants were rolling out carbon and nature data collection platforms. Concerns were expressed about the differing methodologies and variances between them. These included:
 - Myths and misconceptions about e.g. sequestration potential
 - Uncertainty about which models worked and which did not
 - Inability to consistently benchmark
 - Concerns that farmers were contributing to greenwashing
 - Resistance from stakeholder organisations
- The absence of a Standard for these platforms meant that it was difficult for a landowner to challenge/interrogate a tenant farmer's claim generated by a specific methodology. It also meant that participants were reluctant to pioneer (and invest in) mechanisms that may not end up becoming universal.
- Inconsistent/lack of data meant that it was hard for landowners to understand how tenants' environmental plans contributed to their overall environmental goals – and manage expectations.
- The challenge around accurate, affordable impact measurement for Net Zero was a fundamental societal problem beyond just farming. The search for a perfect solution was not getting people closer to the change needed, but instead led to 'analysis paralysis'. Stakeholders needed to embrace uncertainty, pursue a 'no regrets' methodology that was good/robust enough for now, and incorporate flexibility later.

4. Optimised Advice, Regulatory and Support Schemes

- There was a sense that tenants were not taking advantage of the grant landscape, despite the fact that participating in e.g. Countryside Stewardship schemes could generate more income for less work, and be less intensive.
- If grant schemes are to succeed, they need to be straightforward, frictionless and connect the farmer to their identity and beliefs. They also need to pay enough to make it worthwhile to motivate behaviour change. Some participants praised the SFI scheme for being simpler and more user-friendly than its predecessors.
- Despite these improvements, many farmers dislike the fundamental mechanics of grant schemes – computer systems, data, long guidance documents and inconsistent advice. When they condense the information given to them and compare with their existing, engrained methodologies, they prefer the latter. Grants are seen as short-term and likely to change, while product is a more reliable source of income.
- Environmental Land Management (ELM)'s protracted roll-out has put some farmers off, while others lack confidence and understanding. There is a role for the MLOs to help the government 'sell' ELM to their tenant farmers and wider networks. This would require facilitation funding e.g. through landscape recovery.
- As it stands, consultants are unwilling to give advice to farmers because they do not want to get involved in the consequences/any dispute later.
- The quality and quantity of consultants with the knowledge and understanding about nature, carbon and water is inadequate. There is a role for the government to enable upskilling, especially for ecologists working with SSSIs/Biodiversity Net Gain. Effective advice needs to be independent.



- There is lots of spare capacity/capability in the estate management sector, and existing advisors could be upskilled to provide a basic first assessment, which could then be followed up by a more detailed expert examination. This would free up capacity among the experts.
- Farming would benefit from a simple 'scoring' system which would help establish whether a farm is performing well – along the lines of Green Flag for recreational water. Many farmers are in certification schemes e.g. Leaf but these are not externally (government) standardised – i.e. each scheme differs from the next, and do not reflect regulations.
- Such a scoring system could be flexible according to outcomes (biodiversity) and landscape and structured to the archetypal categories. It could tie in with ratings from the private sector frameworks – to avoid accusations of greenwashing. If farmers see certification/rating systems as a means to generate value for their businesses - by demonstrating their role in meeting climate change commitments and improving access to private and public schemes, they will want to sign up.
- As it stands it is hard to establish if farmers are compliant with the regulatory baseline – which should be a minimum condition for external financial support. This has led to some resistance to catchment schemes from within water companies – i.e. why is customer money being used to help people do things they should be doing anyway?

5. Recognition of Cultural, Social and Productivity Barriers

- Just Transition was seen as a priority for non-grade 1-2 land because a) it is not a priority for food security and therefore food production, and b) it is not well adapted to climate change in the first place. The lack of vision means these farmers in particular are not being prepared for the existential change in their business. If transition happens too fast, it will not be just.
- Just Transition is a system-wide problem, and a variety of different impacts need to be understood. For example, while the MLOs want their tenant businesses to be profitable, there would be less need for farmers if the land is only used for tree planting. Similarly, increased tree planting means less room for everything else – which puts the price up for other land uses – e.g. slurry spreading.
- Business viability and food production are not necessarily the same thing. In some farming archetypes (e.g. low-grade land sheep farming) food security is not pertinent, but a farmer's identity and (in the case of Wales) language is.
- Cultural and social aspects mean that taking farms out of production can create tensions and accusations of 'phantasy farming' – both locally and nationally. This is heightened by farming's ageing populations, and the entrenched sense of a farming legacy.
- There is evidence of change in the way people are thinking – i.e. incorporating environmental considerations, but this is slow, and when successful, has a clear regional/local dimension.
- If done right, a successful farming transition has the potential to benefit an area socially and culturally - revitalising the community by appealing to younger people.

6. Targeted, Strategic Application of Financial and Regulatory Levers

- The government could consider the role of tax levers to enable Net Zero and nature recovery, including Inheritance Tax and Capital Gains Tax. Credits or an incentive to collaborate could also be impactful. The risk with tax breaks is that they become a political football.
- Levy boards might provide a useful mechanism to ensure the externalities of climate pollution are internalised, giving a more transparent view of the cost of food production, as well as recycling money back into the land-based sectors.



- Incorporating land-based emissions into the Emissions Trading Scheme and Carbon Border Adjustment Mechanism for agricultural products would demonstrate high-level leadership and a direction of travel, which can be followed by mechanisms that prescribe the circulation of money. One example of this is the agricultural carbon tax being implemented in Denmark, where a tax or levy is taken from farms depending on the scale of their emissions.
- There is a need for more joined-up thinking between environmental and economic regulators (utilities). Recently funding for nature-based solutions (NBS) (catchment nutrient balancing) was cut because it was defined as non-material. Meanwhile, SSSI budgets were considered material, but still reduced.
- This is largely because the current regime is designed to regulate hard infrastructure – but not NBS. NBS add value but not in a consistent manner – the ‘grey infrastructure’ approach and model does not apply to them.
- There are similar examples of disjointed thinking from the Environment Agency where rules on point-based discharges (over a 3-year timeframe) make concrete infrastructure more effective and viable than nature-based solutions (reedbed technology).

7. Harnessing Private Finance and the Supply Chain

- The government has an important role in supporting private investment in agriculture, which would take the financial pressure off ELMs. Considerable investment is available – if the system (including validation, additionality etc) can be made to work.
- There is confidence in government-led schemes (e.g. the Woodland Code), but not in the ‘wild west’ of carbon credit markets, whose growth is being held back by fears of greenwash and a lack of credible products to buy.
- The government could facilitate a dataset to link products and investors. However, the UK should not establish its own unique crediting structure, since this needs to be consistent with the rest of the world. It is seen as the role of the Science Based Targets Initiative (SBTi) and the Greenhouse Gas (GHG) Protocol (scheduled for publication later this year) to establish this structure which can apply to international supply chains.
- The government should also look to simplify the process of Measurement, Reporting and Verification (MRV) in the private market. As it stands, private sector credits require robust MRV, however this ‘per tonne’ crediting approach is too complex and measurement/data dependent to work at scale.
- A useful model is that advocated by the SBTi in its ‘Beyond Value Chain’ report whereby businesses allocate a percentage of profit (proportionate to emissions) towards incentivising change, including co-benefits, but not as part of a quid-pro-quo exchange. Effectiveness and the quantification of tonnage is important, but not the be-all and end-all. Above all, an incremental approach is needed. Payments per tonne of carbon might come later.
- The role of supply chain players is very significant, but they are not very transparent to their supplying farmers about their own environmental ambitions, although this relationship is clearer when the relationship is direct.
- Tenants are increasingly keen to gather data because their buyers are also interested in it. There is an opportunity for MLOs and retailers to collaborate using the SBTIs as a foundation for this.
- There was concern about how MLOs might incentivise change in tenant behaviour without interfering with the supply chain’s carbon accounting processes. This reflected confusion around double-counting and stacking different payment sources.
- Expectations on the quality/integrity of the MRV for carbon in carbon markets was very high - far higher than the kind of measurement MLOs were doing. A potential role for the government was to support an affordable, proportionate MRV scheme. This could demonstrate the potential and limitations of different technologies (e.g. remote sensing).



- Any nature/carbon measurement taken by MLOs needed a clear business case and the right level of integrity (and cost). Scotland (and some corporates) are paying for carbon calculations to take place on farm.

8. Improved Stakeholder and Regional Collaboration

- Government could support efforts to bring together local collaborative stakeholder initiatives— investible propositions that are driving real change. These work best during a transition and when strategic capabilities need boosting.
- Aggregating resources at a landscape/regional scale can be very effective, especially when well run by ‘anchor organisations’. They work best when ‘path-finding’ with a clear, simple upside in specific, shared areas and with targeted outcomes. For greatest impact these schemes can be used as compelling, illustrative examples that can be rolled out elsewhere.
- Clusters are also seen to be very effective, since farmers thrive off learning from one another, but there are not enough of them.
- These schemes can be highly complex to manage and administer and many fail because of the challenge of identifying long-term funding.
- The government may have a ‘facilitation’ role here, especially as local authorities do not always have the experience of working with local landowners. The government could look to remove barriers and support these schemes, potentially applying the catchment systems approach. This could involve some form of government or levy backed structure, remit and funding. This kind of admin/facilitation is a critical skillset, not necessarily routinely held by Natural England or the Forestry Commission. Similarly regional businesses are much smaller than multinationals, so also lack this expertise and cannot access finance easily.
- Nature organisations also overlook landowners – their representative voice is not tapped into. This might be explained by the fact that major landowners are not seen as democratic/ representative. However there have been some examples of successful collaboration between nature organisations and MLOs via the Heritage Lottery funded landscape partnerships.
- As a rule, Local Authorities are more effective at ‘visioning’ in urban than rural areas. Similarly, local MLOs do not see the need to involve the Local Authorities in their work because they are the landowners themselves.
- The experience of collaboration in the marine landscape is that shared data and evidence is key— because that sets goals, KPIs etc.
- The GHG protocol should help establish a more usable framework for impact measurement and a common language for data collection. This will then be applied at corporate and farmer level. The government should consider its role in supporting the protocol’s uptake across different players. If successful, it would help establish a global leadership role.
- Examples of where participating organisations already meet to discuss land use include:
 - MLO group focuses on SSSIs and protected landscapes
 - Estates business group
 - The Country Land and Business Association (CLA) institutional landowners’ group
 - Treasure houses network (estates with big houses) has a sustainability group



Next Steps

- There was widespread support for the group meeting again, and on a regular basis to continue the discussion, focus on some of the issues raised and consider the role of government. It was particularly helpful to have representatives of the government in attendance.
- This forum should not reinvent the wheel or repeat what has already been done. It should carefully review what initiatives are already out there and look to pursue progress not perfection. Any achievements should be incremental.
- It was explained that the organisations invited to the workshop were representative of, but not representing different land ownership types. In future, representatives from private farming estates should be invited, as well as public-sector land-owning bodies (MOD, MOJ) since they are faced by the same issues.



Annex 1 Workshop Participants and their landholdings (MLOs)

NAME	CATEGORY	LOCATION	LAND AREA	FARMS
United Utilities	Utilities	North West	56,706	N/A
Yorkshire Water	Utilities	North East	27,500	26 farmsteads, 300 agreements
Bolton Abbey	Legacy Landowners	North Central	6,677	48 farmers
Clinton Devon Estates	Legacy Landowners	South East	10,000	30 (1 in hand)
Elveden Estate	Legacy Landowners	South East	9,000	1 farm
National Trust	Third Sector	National	250,000	1800 farms
The Crown Estate	Institutions	National	274,546	28 estates
Duchy of Cornwall	Institutions	South East	52,200	250 farms
The Church Commissioner	Institutions	National	105,000	500 farming tenants



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