

UK Rural - January 2022

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SPOTLIGHT
Savills Research

The business of rewilding



Defining rewilding • Financing rewilding • The future of rewilding

1992

the first time the term rewilding was used in print

250k

#rewilding has been tagged over 250,000 times on Instagram

COMMON PRINCIPLES OF REWILDING



Reinstate natural processes



Encourage native species, including keystone species, to thrive



The introduction of apex predators



Long-term



Large scale (or at nature's scale)



Support communities through creating resilient local economies

A rewilding project doesn't have to include all of these principles, and the reintroduction of apex predators is often the most controversial element and a major concern to neighbouring land users. However, as rewilding is subjective, it is up to the land manager to decide to what extent they want to rewild and how.

Rewilding projects are frequently proposed at a landscape scale, large enough to allow whole ecosystem processes to take place. However, size doesn't have to be restrictive - smaller scale, more piecemeal projects are also possible, by adopting rewilding "principles" or land sparing practices within managed environments.

An alternative form of land management

Deconstructing and contextualising rewilding is important to identify the opportunities that it can create

Rewilding is a practice that remains rare but is gaining greater acceptance within rural land management. The term was coined in the 1990s by a group of radical environmentalists in America. Today, the concept has gained profile as a counter to the intensive use of land for agriculture.

The latest figures from WWF show that there has been a 68% decline in global species population size from 1970-2016. In Britain, despite the recent efforts of agri-environmental policy such as Countryside Stewardship, over half of species are in decline and 15% are threatened with extinction. Rewilding is presented as a potential option to make space for natural processes and ecosystems at a larger scale than is possible within a farmed environment.

It is an emotive topic that has sparked heated debates within farming but it remains a popular concept with society. Since 2019 over 14 books have been published with the word rewilding in their title (Waterstones and Amazon Books, 2021), there are currently at least 25 podcasts available to listen to on Spotify that focus specifically on rewilding and an online search for "rewilding" provides over five million results.

WHAT DO WE REALLY MEAN BY REWILDING?

According to the Cambridge Dictionary, rewilding is "the process of protecting an environment and returning it to its natural state, for example by bringing back wild animals that used to live there". Rewilding, as initially envisaged in North America, was focused on the three Cs - protecting large wilderness cores, wildlife corridors and enabling the recovery of large carnivores. It was about large-scale restoration of self-regulating ecosystems. As the practice of rewilding has globalised and been transported across borders and continents, it has evolved to suit the specifics of a location.

68%

The latest figures from WWF show that there has been a 68% decline in global species population size from 1970-2016



“ Successful rewilding projects in Britain demonstrate that rewilding isn’t about excluding people, rather it is about actively including people ”

WHAT ABOUT PRODUCING FOOD?

Rewilding can be seen as a practice that challenges the food production potential of the UK. Rewilded landscapes are the opposite of high-productivity farming, but rewilding can happen on a micro-scale (in unproductive field corners) and some rewilded areas can generate forest products and meat – beef, lamb, pork, dairy and game for example. Admittedly, yields will be low as the grazing is extensive and growth rates are lower, but there is a growing demand for wild-range meat in high value, niche markets. *For more information on food production and rewilding, see page 6*

HOW DO YOU REWILD?

The environmental incentives for rewilding land are clear, but rewilding does not need to be a purely philanthropic exercise. Effort has been put into demonstrating the business case for rewilding. Arguably, creating social value as well as environmental value should be the primary goal of land use, and being able to create more value through an alternative form of land management such as rewilding is a good reason for considering it. Land managers can derive a sustainable economic return from rewilded places and create new and varied business and employment opportunities. As with any form of land use change, identifying and sharing these benefits with local stakeholders and communities may help overcome local concerns. It’s important to remember that rewilding is not a set in stone, one-size-fits-all concept, projects can have varying motives and “landscape” goals. It is best understood as an approach, a set of nature-focused principles that can influence how land is managed.

WHERE DO PEOPLE FIT IN THIS?

The question of human activity within rewilding is complex. Some models of rewilding advocate a “core” area devoid of human interaction, with periphery areas that can support new nature-based economies. This may work in America, which has vast spaces such as Yellowstone National Park, however Britain is an inherently human landscape – humans and nature have evolved together to shape this island – and a crowded one at that. Successful rewilding projects in Britain, from Knepp to Ennerdale to Carrifran, demonstrate that rewilding isn’t about excluding people, rather it is about actively including people. People are key to enabling rewilding and projects are important for educating and inspiring communities to restore wildlife.

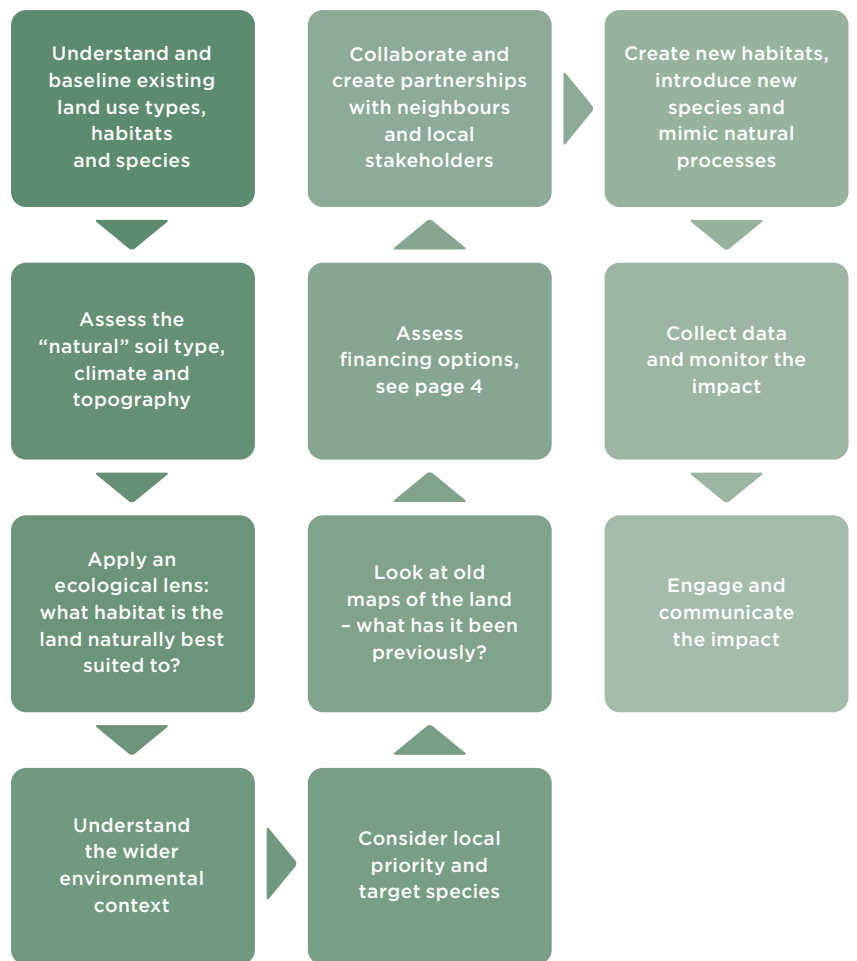
APEX PREDATORS

Apex predators are normally the carnivorous predators at the top of a food chain. The apex predators in the UK today are foxes, otters, owls and eagles. Previous apex predators in the UK included bears, wolves and lynx.



Rewilding: where to start

The process of designing and implementing a project



WHAT DOES THIS LOOK LIKE ON THE GROUND?

- End active land management and cultivations
- Encourage natural regeneration of trees
- Leave deadwood
- Block up drainage to re-wet land
- Re-connect rivers to floodplains
- Reduce grazing pressure
- Mimic natural roaming grazing patterns with native species
- Reintroduce lost species

REWILDING: A BRANDING EXERCISE

Rewilding has become a very powerful topic. It can be used as a way to engage customers and communities as it quickly stirs up interest. However, it is important to remember that some rural businesses may want to restore nature and protect specific species, but not want to label it rewilding. Nature restoration can be more focused, for example dedicating a farm to red list bird species protection, and the badge of rewilding may become a burden. All types of nature restoration, on all scales, are valid and essential and therefore we need to look past the label and understand what is actually happening on the ground.

“ Harnessing the potential of private markets and finance to invest in nature-based solutions is becoming a key priority ”

The business case for rewilding

Public funds and private investment can enable income security for a rewilding scheme

Rewilding has previously been seen as a “pet project” that only passionate individuals with the appropriate capital and reserves could take part in. However, this is no longer the case. In certain situations a carefully designed strategy that combines grant funding with private green investment or diversification income can economically justify the adoption of rewilding as a land management strategy. There is a business case for converting more marginal rural land to rewilding, however long-term income streams from a rewilded piece of land will depend on the business model itself.

Finance models:

1 PUBLIC FUNDING
Savills economic modelling (see table below) demonstrates that land managers based in England can combine Countryside Stewardship (CS) options to finance the conversion to a rewilding land management model. By layering options such as wood pasture creation, the native breeds at risk supplement and organic conversion, land managers can generate a net margin of over £560 per hectare per year. Many of the upfront capital costs of rewilding such as tree planting, fencing and infrastructure for livestock can be part covered by

additional government grants.

The modelling compares the net margins of a rewilding conversion against an arable contract farming agreement and a landowner’s income from a Farm Business Tenancy. It demonstrates that a strategically designed CS agreement can generate a significant net income, particularly when compared to an arable contract farming agreement, using current commodity and input prices. Clearly, these prices are liable to change, which may impact the relative performance of the models.

CS agreements involving wood pasture creation last for 10 years, with the potential option to revert the land use change at that point. This flexibility is attractive to land managers. However, it does contradict the core principles of rewilding for long-term ecological restoration. The final opportunity to apply to CS in England will be 2023.

In Scotland the agri-environment climate scheme has certain options that could be used to support the creation of a rewilding scheme, for example Hen Harrier Grassland Management and Wetland Management. The scheme will run up to and including 2024.

Not all existing or future public funding schemes that support rewilding are accessible, suitable or relevant for everyone. They are likely to be site and

outcome specific and will require strategic thinking and modelling to work out the best way to use and combine the funding available.

PUBLIC FUNDING GOING FORWARD

The UK is experiencing a dramatic policy shift as it moves away from area based payments, a legacy of the Common Agricultural Policy, towards new domestic regimes of agricultural support. We have some details on what future funding schemes might look like and, therefore, whether they may support a rewilding business model:

■ **England:** Environmental Land Management (ELM) is the overarching support scheme and comprises three components. Two of these are relevant for financing rewilding:

Local Nature Recovery will pay for actions that support local nature recovery and meet local environmental priorities. The scheme will encourage collaboration – it will pilot from 2022 and launch in 2024.

Landscape Recovery will support landscape and ecosystem recovery through long-term projects such as restoring wild landscapes, large scale tree planting, peatland and salt marsh restoration. The scheme is piloting 10 large scale, long term projects in 2022 and will launch in 2024.

Both of these schemes may in the correct circumstances provide funding to support elements of, or complete large-scale rewilding.

■ **Scotland:** The proposed future Scottish agricultural policy focuses on achieving sustainable food production, while combatting carbon emissions, meaning it is unlikely to support rewilding explicitly. However, Scotland’s large scale and ability to deliver bigger, better and more joined-up ecological restoration means many deem it to have significant potential for rewilding.

The *Scottish Nature Restoration Fund* will provide support for habitat management and creation, increasing ecological connectivity and creating natural flood solutions.

Peatland Action funding supports peatland restoration and there is an emphasis within Scotland to manage overgrazing and encourage natural regeneration of trees. There is some funding currently available and some likely to be available in the future to enable certain projects motivated by rewilding.

■ **Wales:** The future policy proposals focus on sustainable farming. The government has said that it wants to provide a new income stream for farmers for the delivery of environmental outcomes, which could fund elements of rewilding.

Comparative economics of rural business models

Business model	Rewilding conversion	Arable contract farming agreement	Farm Business Tenancy
Income (£/ha/yr)	<ul style="list-style-type: none"> ■ WD6 – creation of wood pasture ■ SP8 – native breeds at risk supplement ■ OR1 – organic conversion ■ Grazing licence fee <p>£575</p>	<ul style="list-style-type: none"> ■ Winter wheat, oil seed rape, spring barley (three crop rotation) ■ Sustainable Farming Incentive (arable soil standard, intermediate level) <p>£1,491</p>	<ul style="list-style-type: none"> ■ Arable rental income <p>£263</p>
Costs (£/ha/yr)	<ul style="list-style-type: none"> ■ Grass seed, tree planting costs (100% grant funded) ■ Livestock handling facilities (80% grant funded) ■ Fencing, water supply for livestock (60% grant funded) <p>£13</p>	<ul style="list-style-type: none"> ■ Seeds ■ Fertiliser ■ Spray ■ Contractor’s costs and profit share <p>£1,128</p>	<ul style="list-style-type: none"> ■ None <p>£0</p>
Net margin (£/ha/yr)	£562	£363	£263

All models exclude Basic Payment Scheme income. Rewilding model assumes a 200ha project, and capital costs are depreciated over 10 years.

Source Savills Research

£562/ha

Annual potential net income from the conversion of rural land to rewilding

\$4.1trn

The global nature financing gap if we are to meet existing environmental targets by 2050



Pros and cons of a rewilded diversification

+

- Lucrative and sustainable income stream
- Adds value and benefits from the rewilding project
- Provides jobs and opportunities to the local community
- Engages and educates the public
- Doesn't need to be intensive
- Can have a multiplier effect for whole business brand

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- Requires specialist labour
- Needs to be carefully and strategically planned
- Location dependent – relies on people being able to access it
- Often requires large upfront capital costs
- Not easy to contract out – can lose a sense of “story” and control

In certain cases, current and future public funding can support the conversion of land into a rewilding scheme. However, this funding won't necessarily support the ongoing maintenance of a scheme once the land is rewilded. Despite the fact Defra has said it would like to support ongoing environmental management, it is more likely to prioritise funding for environmental uplift rather than maintenance. Therefore, it is important that land managers look at other income opportunities, such as private investment and diversification, in order to enable long-term income security.

2 PRIVATE GREEN INVESTMENT
 Harnessing the potential of private finance to invest in nature-based solutions is a key priority, particularly after Prime Minister Boris Johnson announced at COP26 that the UK will become a global leader in green finance. Barriers to mobilising private finance for nature include the availability of nature-based projects of sufficient scale and the need for robust data and impact monitoring.

The appetite for private investment is growing as rising environmental regulatory baselines impact the financial sector, and there is an increasing requirement on corporates to disclose their climate and nature-related financial risk. Companies and

organisations are aware that being bad for the environment equates with being a bad company in the eye of consumers and investors, and this has generated a demand from corporates to invest in the environmental resilience of their supply chains and to offset their residual environmental impact.

Offsetting is a contentious topic as it can easily become tainted with greenwashing. However for land managers, commercialising the ecosystem services that rewilding projects generate offers a potential income stream to counterbalance the income lost from food production.

Rewilding that restores peatlands or plants new trees can use the Peatland and Woodland Carbon Codes to quantify and commercialise carbon sequestration. However, woodland or peatland carbon credits are not relevant to all rewilded landscapes, as the terminal succession of the majority of UK land is generally scrubby wood, comprising approximately 20% scrub cover and 80% open grass.

Converting farmland to rewilded grassland increases carbon sequestration. Research showed the reversion of arable land to low input grassland under Countryside Stewardship will sequester 1.6 tonnes of CO₂ per hectare per year (Warner et al., 2020). Using a carbon offsetting price of £30 per tonne of CO₂, this could generate an income of £48 per hectare per year. However, the UK currently lacks a certain

method by which to quantify and monetise carbon sequestration from building soil organic matter and creating rewilded habitats. A UK Farm Soil Carbon Code is in development and once that is functioning, it may provide a solution to commercialising the carbon sequestered through rewilded soils. As well as carbon, layering benefits such as the biodiversity gain and natural flood protection of rewilded land can generate additional income.

3 DIVERSIFICATION
 Many successful case studies of rewilding rely on an innovative and well-managed diversified enterprise that sits alongside the change in land use. Rewilding is a popular concept and creates an added value and unique selling point to many businesses. Wildlife safaris, rewilded weddings, nature photography courses, glamping and wildlife retreats are all part of the growing “eco/nature tourism” sector. Farm shops, meat boxes, cookery and foraging classes are becoming more widespread and are diversifications that support rewilding and help to sell the story of an escape into nature to the public. Selling rewilded meat with a nature-based accreditation system, such as Pasture For Life, increases the value of the product and taps into the growing market of ethical meat eaters.

£12bn

Estimated contribution of nature to tourism and outdoor leisure in the UK in 2019

54%

Increase in jobs when rural land is converted to rewilding projects, says Rewilding Britain

WHAT IS WILDERNESS?

At the heart of the debate over what rewilding means is the weighty question of what constitutes the wild and the natural, which in turn sets out what rewilding seeks to achieve. The term “wild” conjures up romanticised images of uninhabited, uncultivated “native” landscapes. Wilderness is an enduring and problematic concept – is a dairy cow natural? Can water meadows, created by humans, be wild places? Some may argue that it is an oxymoron to even consider that land, particularly on a small crowded island like the UK, can ever be ‘turned back’ to wilderness.



COLLABORATIVE CASE STUDY: WILD EAST

Wild East is an initiative to rewild 250,000 hectares of East Anglia, which equates to 20% of the region. The project was created by Ollie Birkbeck, Hugh Somerleyton and Argus Hardy, three East Anglian conservationists, who are part of the local farming and business community. The concept is founded upon large scale collaboration across the whole of East Anglia – from farming estates to industrial and housing estates, schools, gardens, allotments and churchyards – each pledging an area of their land to nature.



Rewilding: a future for rural land?

As the countryside faces many different pressures, we look at the part rewilding has to play in future rural business models

Making the business case for rewilding is becoming easier as there is a greater urgency and appetite to support and invest in ecological restoration. Rewilding is likely to endure and evolve as a legitimate approach to rural land management, below we outline some of the future trends as well as complexities that still need addressing.

COLLABORATION

Collaboration is a core theme within rewilded business models. The future government funding available for local and landscape scale restoration hinges on the need for collaboration between key stakeholders and local partners. Cooperation and partnership with a wide range of organisations and individuals doesn't necessarily come naturally to land managers who have sometimes become siloed in their thinking, but now that the security of the Basic Payment Scheme is being taken away, land managers

will have to be prepared to engage with future partners.

In England, the Countryside Stewardship Facilitation Fund encourages collaboration as it provides funding for a facilitator to help farmers and other land managers to work together to improve the natural environment at a landscape scale. The Facilitation Fund has been used to create successful farming cluster groups, some of which have attracted external investment and achieved landscape scale nature recovery goals. Local Nature Partnerships already exist in some rural areas and, due to the Environment Act, every local authority will be required to prepare a Local Nature Recovery Strategy (LNRS). These are new spatial strategies for nature that will plan, map and help drive more coordinated action and investment between stakeholders to build the national Nature Recovery Network. There are several government schemes that rely on collaboration to deliver nature restoration, which could be in the

“Now that the security of the Basic Payment Scheme is being taken away, land managers will have to be prepared to engage with future partners”

format of rewilding. This is collaboration not just between land managers, but also with possible investment partners and ecosystem service beneficiaries.

REWILDING AND FOOD: NOT FOR EVERYONE

The thorn in rewilding’s side is its impact on food production. While agricultural productivity may be lost, a by-product of a rewilded system can be wild range, pasture-fed meat and dairy, which is sold into high-value niche markets. There is a growing demand for these products as conscientious consumers increasingly prioritise quality over quantity, in order to reduce the environmental impact of diets and support high animal welfare systems.

However, if the whole of the UK was rewilded, there would be very little domestic food production and we would have to rely on food imports, which would reduce food security and export the bulk of our food-related environmental impact. This would be inherently problematic. Rewilding fertile grade 1 and 2 agricultural land creates a trade-off with food production that is hard to justify. However, for more marginal land, rewilding may be a viable land use change, particularly if there is substantial potential for environmental uplift.

Rural land is facing many different pressures – the need to sequester carbon, restore nature and produce food - such that the future land use change required across the UK has been described as a feat of

“acrobatics”. In the National Food Strategy (2021), a “Three Compartment Model” is proposed to solve the conundrum of deciding which piece of rural land does what. The model proposes creating a mosaic of three different types of landscape – high yielding farmland (for food production), low yielding farmland (farmed regeneratively) and semi natural land (managed for nature). This model argues that the least productive 20% of the UK’s land should be used for nature restoration and carbon sequestration, and that in order to enable that, 5-8% of our current productive farmland would need to be freed from production. Within this model, 20% of the UK could be rewilded for nature restoration, while food production and other business models continue elsewhere.

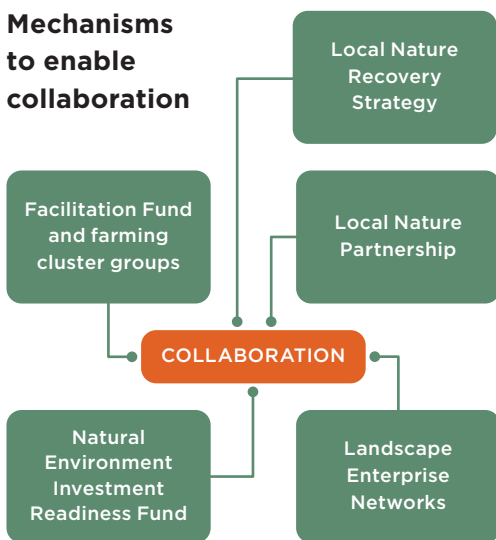
RE-PEOPLING

Rewilding can be seen as an opportunity to create resilient local nature-based economies, supporting people and local communities as well as nature. Rewilding can create new jobs and support diverse green economies, but it is also a way to engage communities in nature, which is essential for human health and wellbeing and for inspiring future generations to commit to restoring natural ecosystems.

Recently, there has been an emergence of new initiatives, community groups and charities that promote rewilding. Heal Rewilding is a charity that is currently crowdfunding to buy land for rewilding in England. People are encouraged to sponsor a 3 x 3 metre square of land (based on the what3words breakdown of land), allowing the charity to purchase it for rewilding. Scotland: The Big Picture and Rewilding Britain are other examples of charities that work to drive rewilding through partnerships and collaborations. In Scotland, community engagement is well developed and understood within the context of the broader land reform agenda. Proactive community engagement is very effective in ensuring stakeholders are involved and brought into a rewilding project. However, Scotland also faces the significant challenge of rural depopulation. Nature restoration projects in remote areas need to include opportunities for people, engage with communities and ensure that future green economies enable re-peopling as well as rewilding.

If you have any questions or are looking for assistance in creating a business case for rewilding, contact Henry Barringer, Food and Farming, 07966 275 529, henry.barringer@savills.com

Mechanisms to enable collaboration



TAXATION: ONE TO WATCH

Agricultural land benefits from inheritance taxation exemptions, but it is not clear whether land managed mainly for environmental outcomes will. It is therefore important to take tax planning considerations into account when assessing a rewilding-based business model, to ensure that protections are retained. Clarity on the application of exemptions to land in long-term environmental management would be welcomed to encourage innovation.

KEY STAKEHOLDERS TO ENGAGE WITH:



Employees / business partners



Tenants



Neighbouring landowners and managers



Local authority



Local Nature Partnership



Local developers



AONB/National Park board



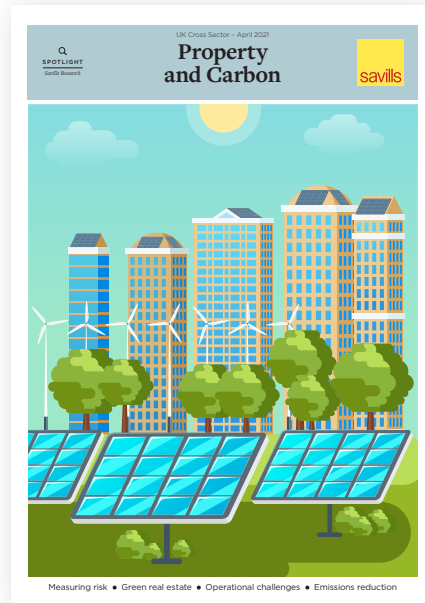
NGOs such as Wildlife Trusts and RSPB



Universities, colleges and schools



Private companies, investors and banks



Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market.

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