

Forestry Statistics 2020

Chapter 8: Finance & Prices

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Introduction

This chapter contains statistics on:

- timber prices;
- gross value added (GVA);
- Government expenditure on forestry; and
- grant schemes.

Estimates for England, Wales, Scotland and Northern Ireland are included, where possible, in addition to UK or GB totals. Further information on the data sources and methodology used to compile the figures is provided in the Sources chapter.

Most of the statistics presented in this chapter have been previously released. Some of the figures for earlier years have been revised since Forestry Statistics 2019. For further details on revisions, see the Finance & Prices section of the Sources chapter.

A copy of all Finance & Prices tables can be accessed in spreadsheet format from the Data Downloads web page at www.forestresearch.gov.uk/tools-and-resources/statistics/data-downloads/.

Key findings

The main findings are:

- The Coniferous Standing Sales Price Index for Great Britain was 14.8% lower in real terms in the year to March 2020, compared with the previous year.
- The Softwood Sawlog Price Index for Great Britain was 18.6% lower in real terms in the 6 months to March 2020, compared with the corresponding period of the previous year.
- Gross value added (GVA) in primary wood processing (sawmilling, panels and pulp & paper) was £1.88 billion in the UK in 2018. GVA in forestry was £0.67 billion.
- Net expenditure on public forests by Forestry England and by Forestry and Land Scotland totalled £26.2 million in 2019-20. A further £89.9 million was spent by the Forestry Commission and Scottish Forestry on other activities.
- A total of £80.6 million was paid in grants by the Forestry Commission, Scottish Forestry and the Welsh Government in 2019-20.

8.1 Timber prices

Timber Price Indices are based on sales of softwood (conifers) by Forestry England, Forestry and Land Scotland and Natural Resources Wales and are released every 6 months.

The Coniferous Standing Sales Price Index monitors changes in the average price received per cubic metre for timber that Forestry England/ Forestry and Land Scotland/ Natural Resources Wales sold standing, where the purchaser is responsible for harvesting.

The Softwood Sawlog Price Index monitors changes in the average price received per cubic metre of sawlogs (roundwood with a top diameter of 14 cm or more, destined to be sawn into planks or boards) sold at roadside by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales.

Standing timber and sawlogs are distinct markets and may show different price movements. The data are averages for historic periods, so may be slow to show any turning points.

These indices are used to monitor trends in timber prices and to provide information on the state of the UK timber industry. They are also used by the UK timber industry, alongside other economic indicators, in contract reviews.

There is little other information currently available on wood prices before primary processing and no price index is available for broadleaves. Prices for outputs of primary wood processing are collected by the Office for National Statistics (ONS) in the Producer Price Indices (PPIs), and these are available in the MM22 dataset which gives detailed PPIs monthly.

Table 8.1 presents the coniferous standing sales and sawlog price indices for Great Britain to March 2020.

The coniferous standing sales price index for Great Britain was 14.8% lower in real terms in the year to March 2020, compared with the previous year (Table 8.1). The softwood sawlog price index was 18.6% lower in real terms in the 6 months to March 2020, compared with the corresponding period in the previous year. These decreases follow a generally increasing trend in both indices in recent years.

Table 8.1 Coniferous standing sales and sawlog price indices¹ for Great Britain, 2012-2020

index (period to September 2016 = 100)

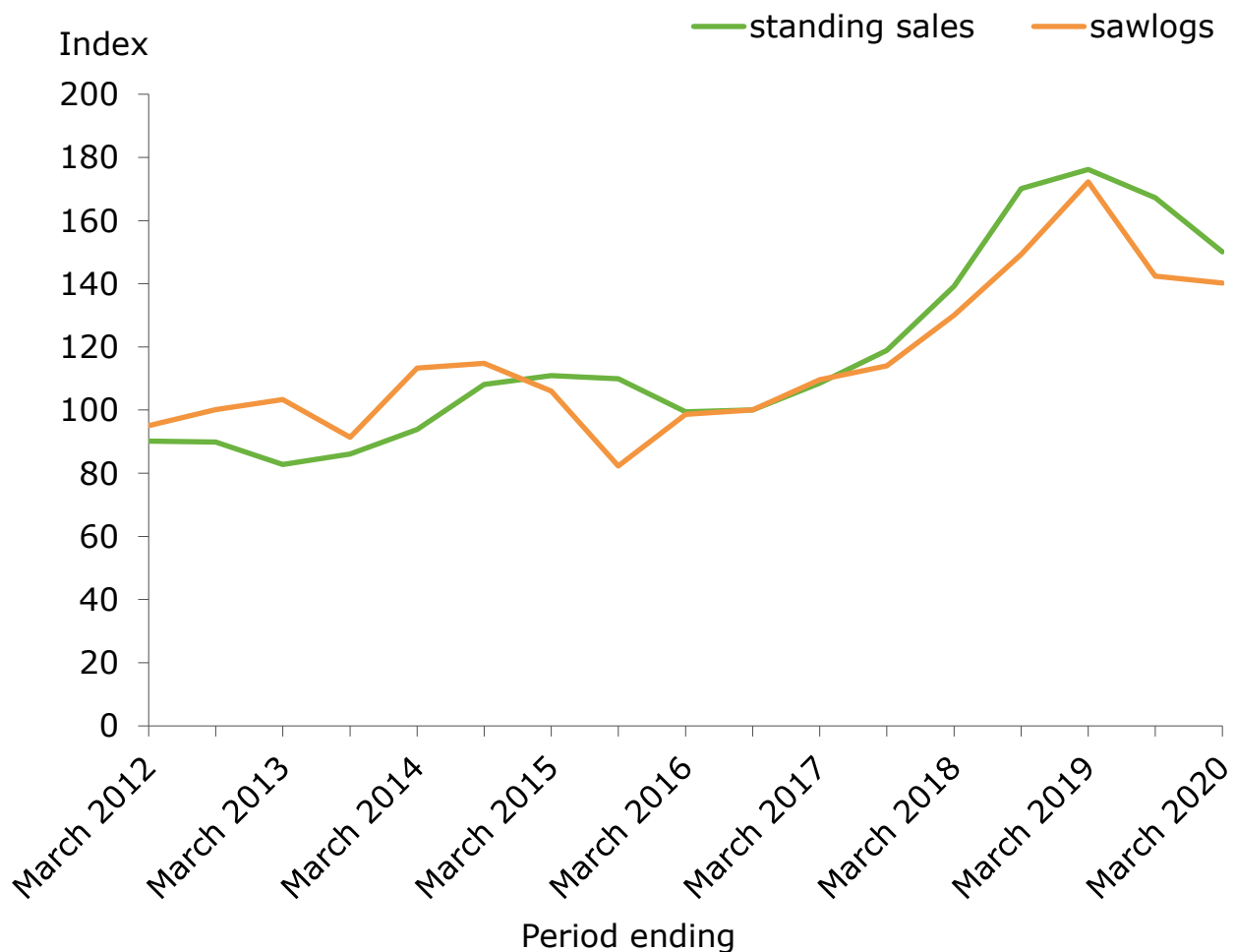
Year	Standing sales ² in nominal terms ³	Standing sales ² index in real terms ⁴	Sawlog index in nominal terms ³	Sawlog index in real terms ⁴
2012	83.9	90.2	88.2	95.0
2013	78.6	82.8	97.9	103.4
2014	90.9	93.9	109.5	113.4
2015	108.8	110.9	103.2	106.1
2016	98.5	99.5	97.1	98.7
2017	110.0	108.5	110.8	109.6
2018	143.5	139.2	133.9	130.1
2019	185.5	176.2	180.6	172.3
2020	161.0	150.1	149.7	140.2

Source: Timber Price Indices: data to March 2020

Notes:

1. The price indices are constructed from information on sales by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales only.
2. The standing sales index uses the Fisher method with 5 year chain linking to take account of changes in the size mix over time.
3. Nominal prices are the actual prices at that point in time.
4. Real terms values are obtained by using the GDP deflator to convert to "constant prices" (in this case prices in 2016). This allows trends in timber prices to be tracked without the influence of inflation.
5. The standing sales index excludes sales by Natural Resources Wales from April 2017.
6. Sawlog prices in Wales in the year to March 2018 include long term contract rates for the clearance of infected larch.

Figure 8.1 Coniferous standing sales and sawlog price indices^{1,2} in real terms³ for Great Britain, 2012-2020



Source: Timber Price Indices: data to March 2020

Notes:

1. The price indices are constructed from information on sales by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales only.
2. The standing sales index uses the Fisher method with 5 year chain linking to take account of changes in the size mix over time.
3. Real terms values are obtained by using the GDP deflator to convert to "constant prices" (in this case prices in 2016). This allows trends in timber prices to be tracked without the influence of inflation.
4. The standing sales index excludes sales by Natural Resources Wales from April 2017.
5. Sawlog prices in Wales in the year to March 2018 include long term contract rates for the clearance of infected larch.

8.2 Gross value added

Gross value added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. It is the difference between the value of outputs and the value of intermediate consumption, so mainly comprises employment costs and profits.

The Annual Business Survey (ABS) carried out by the Office for National Statistics (ONS) includes statistics on gross value added for different industries, classified using the UK Standard Industrial Classification (SIC 2007). Further information on the ABS is available from the ONS website.

Table 8.2 shows that, in 2018, GVA in primary wood processing (sawmilling, panels and pulp & paper) was reported to be £1.88 billion and GVA in forestry was £0.67 billion.

Table 8.2 Gross value added in forestry and wood processing³, 2014-2018

£ million

Standard Industrial Classification (SIC) ¹	2014	2015	2016	2017	2018
Forestry	540	658	596	698	673
Wood products					
Sawmilling	356	474	413	420	579
Panels ²	436	323	316	363	453
Secondary products	1,955	2,478	2,850	2,532	2,666
Total	2,747	3,275	3,579	3,315	3,698
Pulp, paper & paper products					
Pulp & paper	596	738	610	707	845
Articles of paper & paperboard	3,197	2,749	2,786	2,607	2,528
Total	3,793	3,487	3,396	3,314	3,373
Total wood processing	6,540	6,762	6,975	6,629	7,071
Total primary wood processing	1,388	1,535	1,339	1,490	1,877

Source: Annual Business Survey (Office for National Statistics, May 2020)

Notes:

- Categories are based on the [UK Standard Industrial Classification \(SIC 2007\)](#) categories. Further details on the SIC codes used are provided in the Sources: Employment and businesses page.
- The 2014 to 2016 and 2018 figures for panels have been suppressed in the figures released by ONS, so the figures here cover both panels and the manufacture of assembled parquet floors (SIC 16.22) for those years. Panels accounted for 99% of the total of SIC codes 16.21 (panels) and 16.22 in 2017.
- Excludes other wood-using industries.

8.3 Government expenditure on public forests

Table 8.3 provides information on net expenditure on public forests by Forestry England and by Forestry and Land Scotland. This covers expenditure less income for land that is owned or managed by Forestry England/ Forestry and Land Scotland. Other expenditure by the Forestry Commission and Scottish Forestry is covered in Table 8.5.

Figures for Wales on a comparable basis are currently unavailable.

Net expenditure on public forests by Forestry England/ Forestry and Land Scotland in 2019-20 totalled £26.2 million. This comprised £22.4 million in England and £3.8 million in Scotland.

Recreation, conservation & heritage accounted for £78.7 million of the total expenditure in 2019-20, harvesting & haulage for £40.8 million and other expenditure on public forests for £107.0 million.

Timber sales generated a total income of £136.2 million in 2019-20.

Recreation, conservation & heritage accounted for a further £32.0 million and other income from public forests for an additional £32.1 million.

Table 8.3 Funding public forests - net expenditure^{1,2,3}

£ million

	2015-16	2016-17	2017-18	2018-19	2019-20
GB					
Harvesting & haulage	37.9	35.9	36.8	36.4	40.8
Recreation, etc. ⁴	67.8	70.9	72.7	70.2	78.7
Other	89.2	89.0	96.4	110.4	107.0
Timber	-99.1	-104.3	-111.3	-131.2	-136.2
Recreation, etc. ⁴	-24.8	-29.6	-31.4	-31.5	-32.0
Other	-26.8	-27.7	-24.8	-27.5	-32.1
Net expenditure	44.2	34.2	38.4	26.8	26.2
England					
Harvesting & haulage	10.6	10.6	11.3	14.0	16.2
Recreation, etc. ⁴	45.0	49.7	49.4	49.4	57.8
Other	29.2	31.3	32.9	38.3	36.6
Timber	-36.7	-38.9	-43.4	-53.2	-50.8
Recreation, etc. ⁴	-21.1	-26.2	-28.3	-27.8	-27.9
Other	-9.3	-8.6	-5.8	-8.8	-9.5
Net expenditure	17.7	17.9	16.1	11.9	22.4
Scotland					
Harvesting & haulage	27.3	25.3	25.5	22.4	24.6
Recreation, etc. ⁴	22.8	21.2	23.3	20.8	20.9
Other	60.0	57.7	63.5	72.1	70.4
Timber	-62.4	-65.4	-67.9	-78.0	-85.4
Recreation, etc. ⁴	-3.7	-3.4	-3.1	-3.7	-4.1
Other	-17.5	-19.1	-19.0	-18.7	-22.6
Net expenditure	26.5	16.3	22.3	14.9	3.8

Source: Forestry England, Forestry and Land Scotland

Notes:

1. Expenditure by Forestry England and by Forestry and Land Scotland only. Excludes expenditure incurred by other departments.

2. Excludes notional cost of capital and any surplus/deficit on sale of properties.
3. Excludes gain on revaluation of biological assets and value of timber felled.
4. Recreation, etc. includes conservation and heritage.

8.4 Other government expenditure on forestry

Table 8.4 provides information on other expenditure (excluding public forests) by the Forestry Commission and Scottish Forestry. It includes expenditure by National Offices in England and Scotland as well as expenditure on GB level functions. Figures for Wales on a comparable basis are not currently available. Expenditure on land that is owned or managed by Forestry England/ Forestry and Land Scotland is covered in Table 8.3.

In addition to expenditure on public forests, the Forestry Commission/ Scottish Forestry spent a total of £89.8 million on other activities in 2019-20 (Table 8.4).

Together, the Forestry Commission and Scottish Forestry used £65.4 million for grants and partnership funding and £12.8 million for policy, regulation & administration in 2019-20. A further £11.6 million of funding was provided to Forest Research by Defra, the Forestry Commission and the Devolved Administrations.

Table 8.4 Other government expenditure on forestry^{1,2}

£ million

	2015-16	2016-17	2017-18	2018-19	2019-20
GB					
Grants and partnership funding ³	57.2	61.6	57.6	62.9	65.4
Policy, regulation & administration	13.1	12.2	11.9	12.1	12.8
Research - GB funded ⁴	8.4	9.6	10.5	11.8	11.6
International & GB support services ^{4,6}	32.1	28.4	25.4	21.6	0.0
<u>Less</u> recovery of support service costs from countries ⁶	-20.7	-16.1	-13.1	-11.3	0.0
Total	90.1	95.7	92.3	97.1	89.8
England					
Grants and partnership funding ³	24.8	24.0	13.8	8.3	5.8
Policy, regulation & administration ⁵	1.8	2.2	1.9	0.7	0.7
Total	26.6	26.2	15.7	9.0	6.5
Scotland					
Grants and partnership funding ³	32.4	37.6	43.8	54.6	59.6
Policy, regulation & administration ⁵	11.3	10.0	10.0	11.4	12.1
Total	43.7	47.6	53.8	66.0	71.7

Source: Forestry Commission, Scottish Forestry, Forest Research

Notes:

1. Forestry Commission/ Scottish Forestry expenditure only. Excludes expenditure incurred by other departments.
2. Excludes miscellaneous income.
3. EU co-financing not subtracted from grant expenditure. In England authority for the Rural Development Programme for England (RDPE) grant scheme rests with Defra. Grant expenditure funded by Defra that is managed by the Forestry Commission is excluded from this table.
4. The estimates for GB funded research relate to Forest Research income from Defra, the Forestry Commission and Devolved Administrations. The increase in "Research - GB funded" and corresponding decrease in "International & GB support services" from 2015-16

to 2016-17 largely reflect organisational change within the Forestry Commission, with the transfer of some functions into Forest Research in April 2016.

5. Country costs for "policy, regulation & administration" include shares of GB support service costs.
6. Central services were disbanded following reorganisation of the Forestry Commission in April 2019.

8.5 Grant schemes

Private sector woodland in Great Britain is supported by a range of grants for creating new woodland and managing existing woodland. The Woodland Grant Scheme (WGS) was introduced in 1988, at the same time as tax relief was phased out. In Scotland, WGS was replaced by the Scottish Forestry Grant Scheme (SFGS) in 2003, by Rural Development Contracts in 2006 and has now been replaced by the Forestry Grant Scheme. The English Woodland Grant Scheme (EWGS) was launched in July 2005 and has now been replaced by Countryside Stewardship and other grants (e.g. the Woodland Carbon Fund and the HS2 Woodland Fund). Better Woodlands for Wales (BWW) was launched in December 2005 and has now been replaced by Glastir (administered by the Welsh Government).

Because of the differences between these schemes, it is increasingly difficult to provide comparable statistics across the three countries. The following tables provide information relating to planting and grants:

- Table 1.13a and 1.13b for total areas of new planting;
- Table 1.14a and 1.14b for total areas of grant-funded restocking;
- Table 8.4 for expenditure by the Forestry Commission/ Scottish Forestry on grants and partnership funding;
- Table 8.5 (below) for grant expenditure by the Forestry Commission (including grant expenditure managed by the Forestry Commission on behalf of Defra), by Scottish Forestry and by the Welsh Government.

Table 8.5 presents information on grant money paid in 2010-11 to 2019-20. A total of £80.6 million was paid in grants in 2019-20, a 5% increase from the total for the previous year.

At a country level, £52.2 million was paid in grants in Scotland in 2019-20 (an increase of 4% from the previous year), £22.4 million was paid in England (a 9% increase) and £6.0 million in Wales (an increase of 1%).

Table 8.5 Grant money paid, 2010-11 to 2019-20

	£ million			
	England¹	Wales²	Scotland³	GB
2010-11	28.7	3.8	18.9	51.4
2011-12	32.5	5.4	34.2	72.1
2012-13	32.8	5.0	32.3	70.1
2013-14	33.9	4.1	35.5	73.5
2014-15	32.4	1.8	39.2	73.4
2015-16	23.0	3.6	27.5	54.1
2016-17	23.8	3.3	30.5	57.5
2017-18	13.5	4.7	37.9	56.1
2018-19	20.5	5.9	50.2	76.6
2019-20	22.4	6.0	52.2	80.6

Source: Forestry Commission, Scottish Forestry, Welsh Government

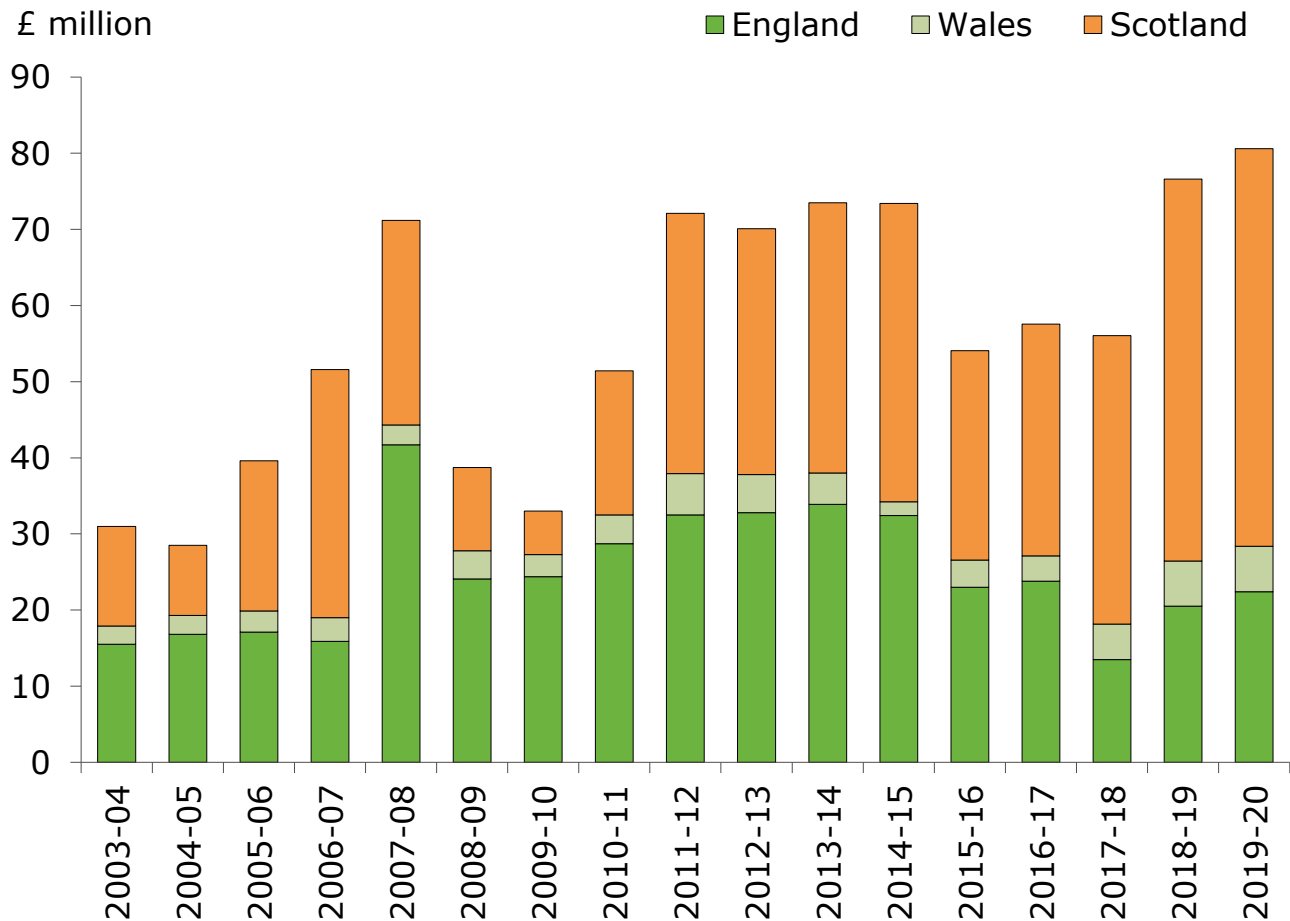
Notes:

1. England includes grant scheme expenditure managed by the Forestry Commission on behalf of Defra.
2. Wales relates to grant paid by the Welsh Government.
3. Scotland includes grants paid under the Forestry Grant Scheme and legacy schemes (including Rural Development Contracts).

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The total grant money paid in Great Britain has fluctuated over recent years, with levels often dipping around the times that new grant schemes are introduced, followed by a sharp recovery.

Figure 8.2 Grant money paid in Great Britain, 2003-04 to 2019-20



Source: Forestry Commission, Scottish Forestry, Welsh Government

Notes:

1. England includes grant scheme expenditure managed by the Forestry Commission on behalf of Defra.
2. Wales relates to grant paid by the Welsh Government.
3. Scotland includes grants paid under the Forestry Grant Scheme and legacy schemes (including Rural Development Contracts).