Forest Research

Forestry Statistics 2021

Chapter 8: Finance & Prices

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The Research Agency of the
Forestry Commission

Forest Research is the Research Agency of the Forestry Commission and is the leading UK organisation engaged in forestry and tree related research.

The Agency aims to support and enhance forestry and its role in sustainable development by providing innovative, high quality scientific research, technical support and consultancy services.

Contents

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 2020. 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 1.0% higher in real terms in the year to March 2021, compared with the previous year.
- The Softwood Sawlog Price Index for Great Britain was 15.4% higher in real terms in the 6 months to March 2021, compared with the corresponding period of the previous year.
- Gross value added (GVA) in primary wood processing (sawmilling, panels and pulp & paper) was £1.57 billion in the UK in 2019. GVA in forestry was £0.65 billion.
- Net expenditure on public forests by Forestry England/ Natural Resources Wales/ Forestry and Land Scotland in 2020-21 totalled £14.0 million in 2020-21. A further £72.9 million was spent by the Forestry Commission, Welsh Government/ Natural Resources Wales and Scottish Forestry on other forestry activities.
- A total of £64.4 million was paid in grants for forestry by the Forestry Commission, Welsh Government, Scottish Forestry and Northern Ireland Forest Service in 2020-21.

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. Prices can be influenced by a range of factors, including imbalances between supply and demand.

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 at www.ons.gov.uk/economy/inflationandpriceindices/datasets/mm22producerpriceindices.

Table 8.1 presents the coniferous standing sales and sawlog price indices for Great Britain to March 2021.

The coniferous standing sales price index for Great Britain was 1.0% higher in real terms (7.9% higher in nominal terms) in the year to March 2021, compared with the previous year (Table 8.1). The softwood sawlog price index was 15.4% higher in real terms (and 22.2% higher in nominal terms) in the 6 months to March 2021, compared with the corresponding period of the previous year.

Table 8.1 Coniferous standing sales and sawlog price indices[1] for Great Britain, 2012-2021

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	89.9	88.2	94.9
2013	78.6	82.6	97.9	103.3
2014	90.9	93.8	109.5	113.3
2015	108.8	110.7	103.2	105.9
2016	98.5	99.4	97.1	98.9
2017	110.0	108.4	110.8	109.5
2018	143.5	138.9	143.2	138.9
2019	185.5	175.5	181.1	172.1
2020	161.0	149.0	153.4	142.4
2021	173.7	150.5	187.4	164.3

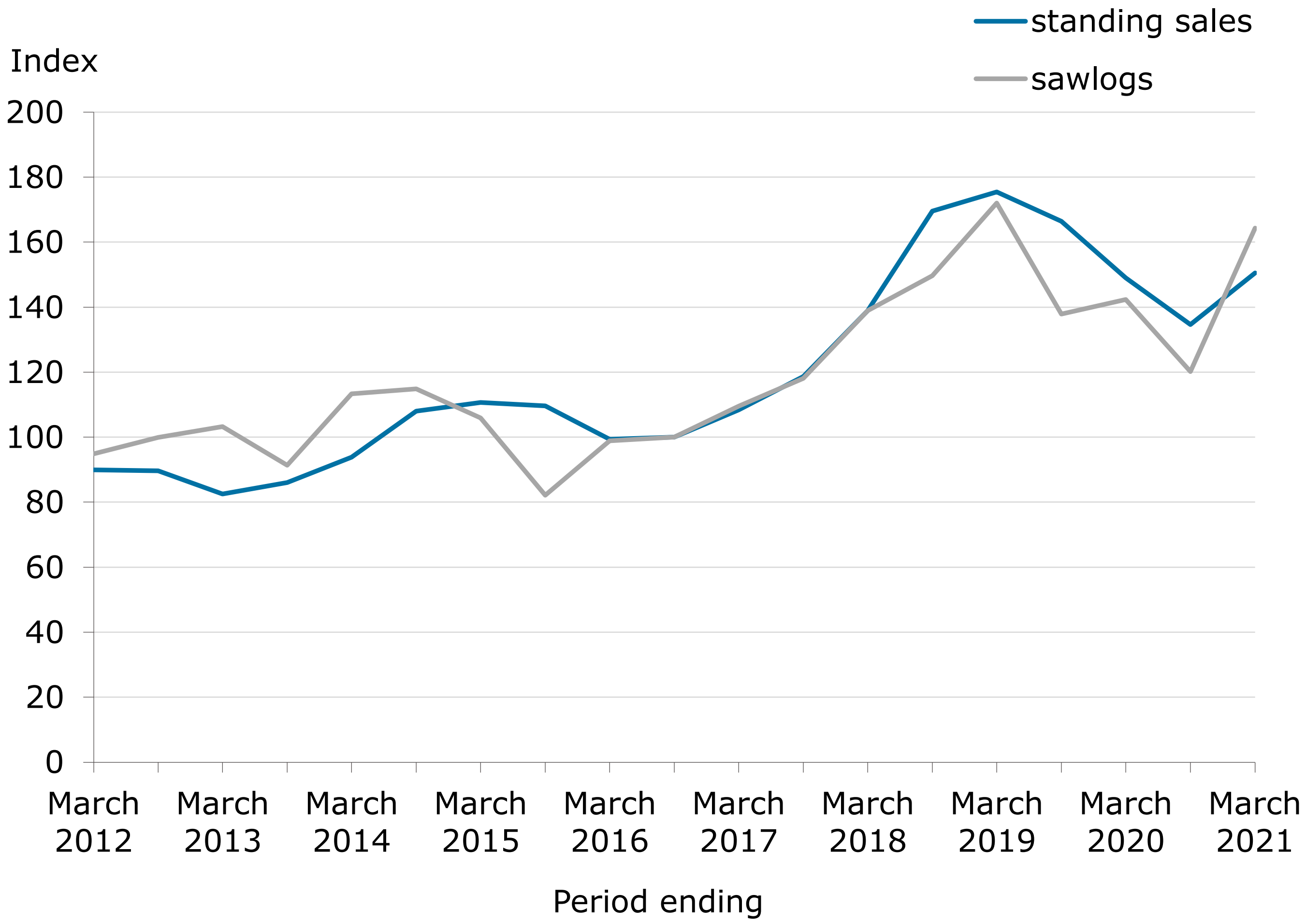
Source: Timber Price Indices: data to March 2021

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. Excludes sales by Natural Resources Wales from April 2017.

6. Standing sales prices in Scotland exclude any premature felling and/or components directly linked to retained product agreements on Long Term Contracts.
7. The index excludes sawlogs put up for sale that were not sold. There was an unusually high number of unsold lots in Scotland in the six months to September 2015.
8. Sawlog prices in Scotland in the six months to September 2020 include a number of sales of logs felled under Statutory Plant Health Notice; this has reduced the overall average log price.

Figure 8.1 Coniferous standing sales and sawlog price indices[1,2] in real terms[3] for Great Britain, 2012-2021



Source: Timber Price Indices: data to March 2021

Notes:

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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 £1.57 billion and GVA in forestry was £0.65 billion.

Table 8.2 Gross value added in forestry and wood processing[3], 2015-2019

£ million

Standard Industrial Classification (SIC)[1]	2015	2016	2017	2018	2019
Forestry	**658**	**596**	**698**	**669**	**645**
Wood products					
Sawmilling	474	413	420	580	477
Panels[2]	323	316	367	453	357
Secondary products	2,477	2,850	2,532	2,657	2,808
Total	**3,275**	**3,579**	**3,315**	**3,690**	**3,642**
Pulp, paper & paper products					
Pulp & paper	738	610	707	841	733
Articles of paper & paperboard	2,749	2,786	2,607	2,538	2,849
Total	**3,487**	**3,396**	**3,314**	**3,378**	**3,583**
Total wood processing	**6,762**	**6,975**	**6,629**	**7,068**	**7,225**
Total primary wood processing	**1,535**	**1,339**	**1,490**	**1,874**	**1,567**

Source: Annual Business Survey (Office for National Statistics, June 2021)

Notes:

1. 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.
2. The 2015, 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.
3. Excludes other wood-using industries.

8.3 Government expenditure on public forests

Table 8.3 provides information on expenditure and income from public forests by Forestry England, Natural Resources Wales, and by Forestry and Land Scotland. This covers expenditure and income (shown as negative expenditure) for land that is owned or managed by Forestry England/ Natural Resources Wales/ Forestry and Land Scotland. Other expenditure by the Forestry Commission, the Welsh Government and Scottish Forestry is covered in Table 8.5.

Net expenditure on public forests by Forestry England/ Natural Resources Wales/ Forestry and Land Scotland in 2020-21 totalled £14.0 million. This comprised £17.9 million in England, £1.0 in Wales and £-4.9 million in Scotland.

Recreation, conservation & heritage accounted for £69.1 million of the total expenditure in 2020-21, harvesting & haulage for £42.8 million and other expenditure on public forests for £129.2 million.

Timber sales generated a total income of £168.2 million in 2020-21. Recreation, conservation & heritage accounted for a further £27.0 million and other income from public forests for an additional £31.8 million.

Table 8.3 Funding public forests – expenditure and income[1,2,3]

£ million

	2016-17	2017-18	2018-19	2019-20	2020-21
GB					
Harvesting & haulage	35.9	36.8	36.4	40.8	42.8
Recreation, etc.[4]	70.9	72.7	70.2	78.7	69.1
Other	89.0	96.4	110.4	107.0	129.2
Timber	-104.3	-111.3	-131.2	-136.2	-168.2
Recreation, etc.[4]	-29.6	-31.4	-31.5	-32.0	-27.0
Other	-27.7	-24.8	-27.5	-32.1	-31.8
Net expenditure	**34.2**	**38.4**	**26.8**	**26.2**	**14.0**
England					
Harvesting & haulage	10.6	11.3	14.0	16.2	15.6
Recreation, etc.[4]	49.7	49.4	49.4	57.8	51.9
Other	31.3	32.9	38.3	36.6	34.2
Timber	-38.9	-43.4	-53.2	-50.8	-52.7
Recreation, etc.[4]	-26.2	-28.3	-27.8	-27.9	-22.6
Other	-8.6	-5.8	-8.8	-9.5	-8.5
Net expenditure	**17.9**	**16.1**	**11.9**	**22.4**	**17.9**
Wales[5]					
Harvesting & haulage	..	..	..	..	4.8
Recreation, etc.[4]	..	..	..	..	1.8
Other	..	..	..	..	26.2
Timber	..	..	..	..	-30.4
Recreation, etc.[4]	..	..	..	..	-0.7
Other	..	..	..	..	-0.6
Net expenditure	**..**	**..**	**..**	**..**	**1.0**
Scotland					
Harvesting & haulage	25.3	25.5	22.4	24.6	22.4
Recreation, etc.[4]	21.2	23.3	20.8	20.9	15.4
Other	57.7	63.5	72.1	70.4	68.8
Timber	-65.4	-67.9	-78.0	-85.4	-85.1
Recreation, etc.[4]	-3.4	-3.1	-3.7	-4.1	-3.7
Other	-19.1	-19.0	-18.7	-22.6	-22.7
Net expenditure	**16.3**	**22.3**	**14.9**	**3.8**	**-4.9**

Source: Forestry England, Natural Resources Wales, Forestry and Land Scotland

Notes:

1. Expenditure and income (shown as negative expenditure) by Forestry England, Natural Resources Wales, and Forestry and Land Scotland only. Excludes expenditure incurred by other departments. Figures for Wales on a comparable basis are currently only available for 2020-21, so GB totals for earlier years relate to England and Scotland only.
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.
5. .. denotes data not available.

8.4 Other government expenditure on forestry

Table 8.4 provides information on other expenditure (excluding public forests) by the Forestry Commission, Welsh Government/ Natural Resources Wales and Scottish Forestry. Wales figures for previous years on a comparable basis are not available.

Expenditure on land that is owned or managed by Forestry England/ Natural Resources Wales/ Forestry and Land Scotland is covered in Table 8.3.

In addition to expenditure on public forests, the Forestry Commission, Welsh Government/ Natural Resources Wales and Scottish Forestry spent a total of £72.9 million on other activities in 2020-21 (Table 8.4).

Together, the Forestry Commission, Welsh Government/ Natural Resources Wales and Scottish Forestry used £43.2 million for grants and partnership funding and £16.3 million for policy, regulation & administration in 2020-21. A further £13.4 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

	2019-20	2020-21
GB		
Grants and partnership funding[3]	66.5	43.2
Policy, regulation & administration	14.1	16.3
Research - GB funded[4]	11.6	13.4
Total	**92.1**	**72.9**
England		
Grants and partnership funding[3]	5.8	3.3
Policy, regulation & administration[5]	0.7	2.0
Total	**6.5**	**5.3**
Wales		
Grants and partnership funding[3]	1.1	1.1
Policy, regulation & administration[5]	1.3	2.6
Total	**2.4**	**3.7**
Scotland		
Grants and partnership funding[3]	59.6	38.8
Policy, regulation & administration[5]	12.1	11.7
Total	**71.7**	**50.5**

Source: Forestry Commission, Welsh Government/ Natural Resources Wales and Scottish Forestry, Forest Research

Notes:

1. Expenditure by the Forestry Commission, Scottish Forestry, Welsh Government and Natural Resources Wales 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. In Scotland, the drop in grants and partnership funding between 2019-20 and 2020-21 predominately reflects a change to accruals resulting from an improvement in accounting procedures.
4. The estimates for GB funded research relate to core funding of Forest Research only and excludes work by Forest Research that is funded by external organisations.

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).

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 and Welsh Government 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 2011-12 to 2020-21. A total of £64.4 million was paid in grants in 2020-21, a 22% decrease from the total for the previous year.

At a country level, £31.7 million was paid in grants in Scotland in 2020-21 (a 39% decrease from the previous year), £21.6 million was paid in England (a 4% decrease), £9.3 million was paid in Wales (a 55% increase) and £1.8 million in Northern Ireland (an increase of 14% from the previous year).

Table 8.5 Grant money paid, 2011-12 to 2020-21

£ million

	England[1]	Wales[2]	Scotland[3]	Northern Ireland	UK
2011-12	32.5	5.4	34.2	1.6	73.7
2012-13	32.8	5.0	32.3	1.4	71.5
2013-14	33.9	4.1	35.5	1.6	75.1
2014-15	32.4	1.8	39.2	1.4	74.8
2015-16	23.0	3.6	27.5	1.0	55.1
2016-17	23.8	3.3	30.5	1.5	59.0
2017-18	13.5	4.7	37.9	1.6	57.6
2018-19	20.5	5.9	50.2	1.7	78.3
2019-20	22.4	6.0	52.2	1.6	82.2
2020-21	21.6	9.3	31.7	1.8	64.4

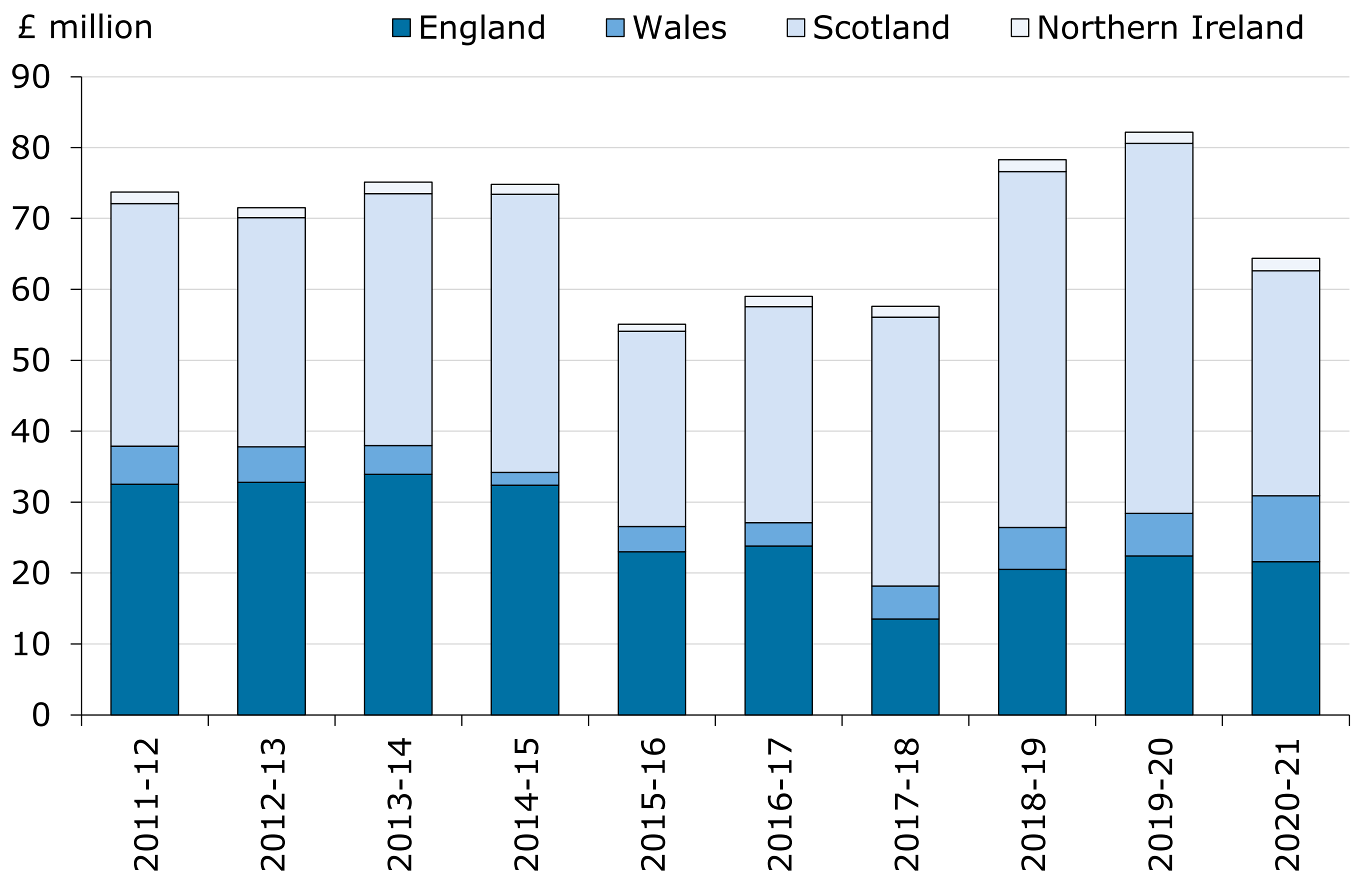
Source: Forestry Commission, Welsh Government, Scottish Forestry, Northern Ireland Forest Service

Notes:

1. England includes grant scheme expenditure managed by the Forestry Commission on behalf of Defra.
2. Wales relates to grants paid by the Welsh Government.
3. Scotland includes grants paid under the Forestry Grant Scheme and legacy schemes (including Rural Development Contracts). The drop in grants paid between 2019-20 and 2020-21 predominately reflects a change to accruals resulting from an improvement in accounting procedures.

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, 2011-12 to 2020-21



Source: Forestry Commission, Welsh Government, Scottish Forestry, Northern Ireland Forest Service

Notes:

1. England includes grant scheme expenditure managed by the Forestry Commission on behalf of Defra.
2. Wales relates to grants paid by the Welsh Government.
3. Scotland includes grants paid under the Forestry Grant Scheme and legacy schemes (including Rural Development Contracts). The drop in grants paid between 2019-20 and 2020-21 predominately reflects a change to accruals resulting from an improvement in accounting procedures.

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