

# Forestry Statistics 2020

Sources: Finance and prices

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## 11.9 Sources: Finance & prices

### Introduction

The statistics presented in the Finance and Prices chapter of this release cover:

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

### Data Sources and Methodology

#### Timber Price Indices: Data sources

The Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index are both based on sales of softwood (conifers) by Forestry England, Forestry and Land Scotland, and Natural Resources Wales; they do not include any private sector data. They only cover roundwood from woodland; they do not cover sawmill products or other end products.

The Coniferous Standing Sales Price Index (CSSPI) is based on administrative data for standing sales of conifers (softwood) by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales. Around 60% of Forestry England/ Forestry and Land Scotland/ Natural Resources Wales softwood is sold standing, with the purchaser responsible for harvesting. The standing sales cover a full range of sizes, as they include thinning and removal of trees for environmental reasons, as well as harvesting of mature trees. The data used to compile the index covers volumes sold and values by average tree size.

The Softwood Sawlog Price Index (SSPI) is based on administrative data for sales of softwood sawlogs by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales. The data used to compile the index covers volumes and values. Direct production by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales (where the softwood is sold after harvesting) also covers a range of sizes, but the price statistics reported are limited to sales of logs (over 14 cm diameter).

Both the Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index include sales by long term contract, where the volume of roundwood covered by the contract is sold over a period of more than one year. To take account of changes in price over the term of the contract, price adjustments are made periodically, as part of the contract. The Coniferous Standing Sales Price Index and Softwood Sawlog Price Index include roundwood sales by long

term contract but, at present, price adjustments are not included in the indices.

The data for both the Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index are obtained from:

1. Forestry England's and Forestry and Land Scotland's Sales Recording Package (SRP). SRP was also used by Natural Resources Wales until February 2017.
2. The timber sales system used by Natural Resources Wales from April 2017 (there were no sales by NRW in March 2017). As standing sales by size category are not yet available from this system, no figures for Natural Resources Wales from April 2017 have been included in the Coniferous Standing Sales Price Index.

### Methodology for Coniferous Standing Sales Price Index

The Coniferous Standing Sales Price Index (CSSPI) is an index of the average prices per cubic metre overbark standing achieved for standing sales of conifers by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales. It covers all conifer standing sales (open market and negotiated) by Forestry England/ Forestry and Land Scotland/ Natural Resources Wales over the twelve month period. All thinning and clearfell data is combined within the index. It includes all species, tree sizes, working practices and conditions. It does not include any private sector data.

The Coniferous Standing Sales Price Index (CSSPI) is calculated using a Fisher index with 5-yearly chain linking. By using a Fisher index to produce the index, distortions in the average price caused by variations in the average tree size over time are corrected. Applying chain linking at regular intervals (in this case, every 5 years) ensures that the index remains relevant over time. Other factors that may affect price (e.g. working conditions, timber quality or species) are not taken into account when constructing the index.

The methodology used to calculate the Coniferous Standing Sales Price Index was reviewed in 2008, with the Fisher index with 5-yearly chain linking introduced from the November 2008 publication of "Timber Price Indices". Further information on the methodology used to calculate the Coniferous Standing Sales Price Index is provided in the paper "Methodology for the Coniferous Standing Sales Price Index", available from the Statistical Methodology and Outputs page of the Forest Research website at [www.forestresearch.gov.uk/tools-and-resources/statistics/about-our-statistics/methodology-and-outputs/](http://www.forestresearch.gov.uk/tools-and-resources/statistics/about-our-statistics/methodology-and-outputs/).

The average prices and the index are expressed in nominal terms (i.e. the actual prices at the time of sale) and in real terms (i.e. the prices converted to 2016). The GDP (Gross Domestic Product at market prices) deflator, produced by the Office for National Statistics (ONS), is applied to the nominal figures to derive real average prices and the index in real terms. The GDP deflator data can be downloaded from the ONS Quarterly National Accounts dataset at [www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybgb](http://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybgb).

### Methodology for Softwood Sawlog Price Index

The Softwood Sawlog Price Index is calculated from data covering separate 6-month periods to September and March. This means that the changes reported are not covering the same periods as the Coniferous Standing Sales Price Index.

The index measures the average price per cubic metre overbark of sawlog sales, with no adjustment for any change in size mix, as it covers a more limited range of sizes than the Coniferous Standing Sales Price Index.

The index was revised in May 2017 to correct a number of inconsistencies in the underlying data. This revised index, covering open market sales only and all lengths of log, was then extended in November 2017 to include sales by negotiation.

The index is expressed in nominal terms (i.e. based on the actual prices at the time of sale) and in real terms (i.e. based on the prices converted to 2016 prices, by removing the effects of general inflation). As for the Coniferous Standing Sales Price Index, the GDP (Gross Domestic Product at market prices) deflator is used to convert from nominal to real terms.

For consistency with the Coniferous Standing Sales Price Index, the Softwood Sawlog Price Index is rebased every 5 years; in this release, the period to September 2016 = 100.

### Gross Value Added

Gross value added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom.

Statistics on gross value added are obtained from the Annual Business Survey, formerly the Annual Business Inquiry, (Office for National Statistics), an annual survey of UK businesses. Further information on the Annual Business Survey is available at

[www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualbusinesssurvey](http://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualbusinesssurvey)

The Annual Business Survey uses the UK Standard Industrial Classification (SIC) to classify businesses to industries according to their main activity.

Detailed information on the SIC is available at

<https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007>. For further information on the SIC codes used in this release, see section on Employment and businesses within the Sources chapter.

### Government expenditure

Information about government expenditure on forestry is obtained from administrative records held by the Forestry Commission, Forestry England, Scottish Forestry, and Forestry and Land Scotland. Expenditure by the Welsh Government, Natural Resources Wales, Defra and other government departments/ Devolved Administrations is currently excluded.

More detailed financial data are published annually in each organisation's Annual Report & Accounts.

Data on grant expenditure are obtained from administrative records for woodland grant schemes across GB.

### Quality

The Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index are the only official statistics published for roundwood prices in the UK. So, although they are limited to sales by Forestry England, Forestry and Land Scotland, and Natural Resources Wales, they are sometimes used as indicators of price trends for other UK softwood. In recent years, softwood has accounted for more than 90% of all timber harvested in Great Britain, and Forestry England/ Forestry and Land Scotland/ Natural Resources Wales has accounted for around 40% to 50% of all softwood sold.

For the Coniferous Standing Sales Price Index, data cover a 12 month period (i.e. data for the year to March and data for the year to September). As these periods overlap, comparisons of values should be made with the same period a year earlier.

Unlike the Coniferous Standing Sales Price Index, the Softwood Sawlog Price Index covers 6 month periods (i.e. data for the period October to March and data for the period April to September), so there is no overlapping.

Detailed information on the quality of the statistics presented in this publication is available in the "Quality Report: Timber Price Indices", available at [www.forestresearch.gov.uk/tools-and-resources/statistics/about-our-statistics/code-of-practice/quality-of-official-statistics/](http://www.forestresearch.gov.uk/tools-and-resources/statistics/about-our-statistics/code-of-practice/quality-of-official-statistics/).

## Revisions

Most of the statistics presented in the Finance & Prices chapter have been previously released. The latest year figures for Government expenditure on forestry are published in this format for the first time in this release.

Timber price indices are unchanged from the figures provided in "Timber Price Indices: data to March 2020". For details of revisions made since Forestry Statistics 2019 see the First Release, available at

[www.forestresearch.gov.uk/tools-and-resources/statistics/statistics-by-topic/timber-statistics/timber-price-indices/](http://www.forestresearch.gov.uk/tools-and-resources/statistics/statistics-by-topic/timber-statistics/timber-price-indices/).

Data on Gross Value Added (GVA) are subject to revision whenever Annual Business Survey data are revised by the Office for National Statistics. Figures for 2017 have been revised from those shown in "Forestry Statistics 2019" to reflect revisions made to ABS results by ONS.

Data on Government expenditure are not normally revised but may be subject to revision if revisions are made to the financial accounts of the Forestry Commission, Forestry England, Scottish Forestry or Forestry and Land Scotland.

Our revisions policy sets out how revisions and errors are dealt with and can be found at [www.forestresearch.gov.uk/documents/4355/FCrevisions.pdf](http://www.forestresearch.gov.uk/documents/4355/FCrevisions.pdf).

## Further information

Tables providing longer time series of the Coniferous Standing Sales Price Index and the underlying data used to produce it, are available at

[www.forestresearch.gov.uk/tools-and-resources/statistics/statistics-by-topic/timber-statistics/timber-price-indices/](http://www.forestresearch.gov.uk/tools-and-resources/statistics/statistics-by-topic/timber-statistics/timber-price-indices/).

## Release schedule

For information on the release schedules of statistics produced by others, see relevant websites (above).

Timber Price Indices are published every six months, in May for data to end March and in November for data to end September. The next editions will be released on the following dates:

"Timber Price Indices: Data to September 2020" will be released on 19 November 2020;

"Timber Price Indices: Data to March 2021" will be released on 16 May 2021.

"Forestry Statistics 2021" and "Forestry Facts & Figures 2021" will be released on 30 September 2021.