Forestry Statistics 2023

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, data, technical support and consultancy services.

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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 2022. 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 our Data Downloads page.

Key findings

The main findings are:

- The Coniferous Standing Sales Price Index for Great Britain was 31.5% lower in real terms in the year to March 2023, compared with the previous year.
- The Softwood Sawlog Price Index for Great Britain was 34.9% lower in real terms in the 6 months to March 2023, compared with the corresponding period of the previous year.
- The Small Roundwood Price Index for Great Britain was 2.6% lower in real terms in the 6 months to March 2023, compared with the corresponding period of the previous year.
- Gross value added (GVA) in primary wood processing (sawmilling, panels and pulp & paper) was £2.09 billion in the UK in 2021. GVA in forestry was £0.76 billion.
- Net expenditure on public forests by Forestry England/Forestry and Land Scotland/Natural Resources Wales in 2022/23 totalled £65.7 million in 2022/23.
- £67.0 million was paid in grants for forestry by the Forestry Commission, Welsh Government, Scottish Forestry and the Forest Service in 2022/23.

8.1 Timber prices

Timber Price Indices are based on sales 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.

The Small Roundwood Price Index monitors changes in the average price received per cubic metre for roundwood that is smaller in diameter than logs. This includes chipwood, pulpwood and woodfuel. It is based on sales at roadside and currently only covers sales by Forestry England, Forestry and Land Scotland and Natural Resource Wales.

Standing timber, sawlogs and small roundwood are distinct markets and may show different price movements. The data are averages for historic periods, so may be slow to show any true 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 (PPI).

Table 8.1 presents the coniferous standing sales, softwood sawlog and small roundwood price indices for Great Britain to March 2023.

The coniferous standing sales price index for Great Britain was 31.5% lower in real terms (27.0% lower in nominal terms) in the year to March 2023, compared with the previous year (Table 8.1). The softwood sawlog price index was 34.9% lower in real terms (30.4% lower in nominal terms) in the 6 months to March 2023, compared with the corresponding period of the previous year. The small roundwood price index was 2.6% lower in real terms (4% higher in nominal terms) in the 6 months to March 2023, compared with the corresponding period in the previous year.

Table 8.1 Coniferous standing sales, sawlog and small roundwood price indices[1], Great Britain, 2014 to 2023

index (period to September 2021 = 100)

Period to March	Standing sales[2] in nominal terms[3]	Standing sales[2] index in real terms[4]	Sawlog index in nominal terms	Sawlog index in real terms	Small roundwood index in nominal terms	Small roundwood index in real terms
2014	39.6	45.9	49.8	57.1	[z]	[z]
2015	47.5	54.3	47.0	53.3	[z]	[z]
2016	43.0	48.8	44.2	49.7	83.3	93.6
2017	48.0	53.4	50.4	55.4	76.7	84.4
2018	62.6	68.5	65.2	70.6	89.8	97.2
2019	80.9	87.0	82.4	87.7	103.4	110.0
2020	70.2	73.6	69.8	72.1	109.6	113.2
2021	75.8	74.7	85.3	84.4	92.2	91.2
2022	105.1	104.4	96.8	94.5	98.4	96.0
2023	76.8	71.6	67.4	61.5	102.4	93.5

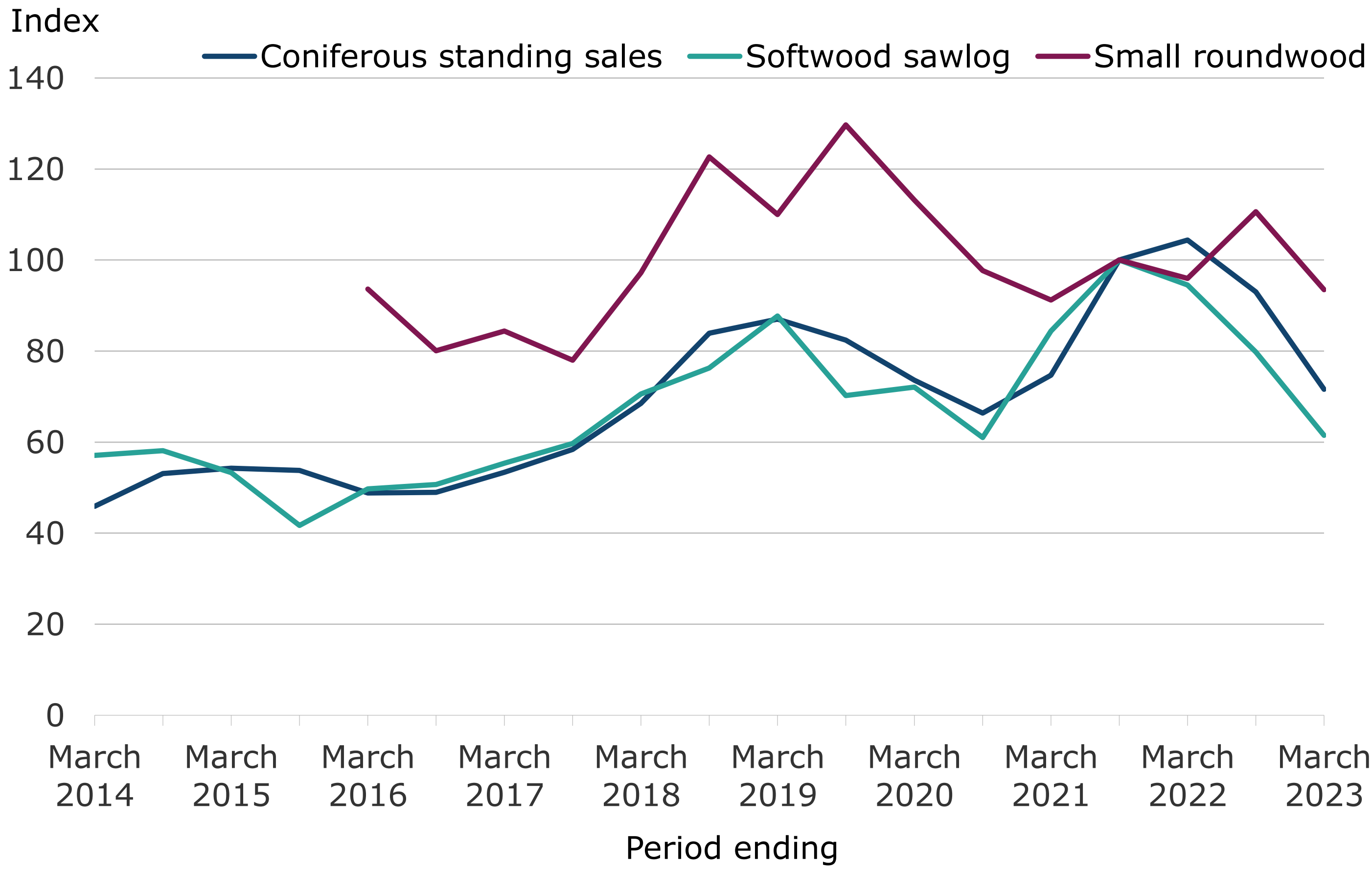
Source: Timber Price Indices: data to March 2023

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 and covers sales of conifers in the previous 12 months.
3. The softwood sawlog index and the small roundwood index cover sales in the previous 6 months.
4. Nominal prices are the actual prices at that point in time.
5. Real terms values are obtained by using the GDP deflator to convert to "constant prices" (in this case prices in 2021). This allows trends in timber prices to be tracked without the influence of inflation.
6. Excludes sales by Natural Resources Wales between April 2017 and March 2021 for Coniferous Standing and Sawlog Price Indices, and between April 2017 and September 2021 for Small Roundwood Index.
7. Standing sales prices in Scotland exclude any premature felling and/or components directly linked to retained product agreements on Long Term Contracts.
8. 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.
9. 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.
10. [z]: data not collected.

Figure 8.1 Coniferous standing sales, sawlog and small roundwood price indices in real terms, Great Britain, 2014 to 2023



Source: [Timber Price Indices: data to March 2023.]

Notes:

1. See Table 8.1 for more information.

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 2021, GVA in primary wood processing (sawmilling, panels and pulp & paper) was reported to be £2.09 billion and GVA in forestry was £0.76 billion.

Table 8.2 Gross value added in forestry and wood processing[3], United Kingdom, 2017 to 2021

£ million

Standard Industrial Classification (SIC)[1]	2017	2018	2019	2020	2021
Forestry	**698**	**669**	**724**	**866**	**755**
Wood products	**3,315**	**3,690**	**3,683**	**3,573**	**4,930**
Sawmilling	420	580	496	456	788
Panels[2]	363	453	379	396	534
Secondary products	2,532	2,657	2,808	2,721	3,608
Pulp, paper & paper products	**3,314**	**3,378**	**3,598**	**3,558**	**4,054**
Pulp & paper	707	841	687	642	772
Articles of paper & paperboard	2,607	2,537	2,911	2,916	3,273
Total wood processing	**6,629**	**7,068**	**7,281**	**7,131**	**8,975**
Total primary wood processing	**1,490**	**1,874**	**1,562**	**1,494**	**2,094**

Source: Annual Business Survey (Office for National Statistics, June 2023)

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 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 at least 99% of the total of SIC codes 16.21 (panels) and 16.22 in 2017, 2019, 2020 and 2021.
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 and 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 2022/23 totalled £65.7 million. This comprised £43.4 million in England, £0.8 million in Wales and £21.4 million in Scotland.

Recreation, conservation & heritage accounted for £86.1 million of the total expenditure in 2022/23, harvesting & haulage for £47.2 million and other expenditure on public forests for £167.0 million.

Timber sales generated a total income of £158.8 million in 2022/23. Recreation, conservation & heritage accounted for a further £34.9 million and other income from public forests for an additional £40.9 million.

Table 8.3 Funding public forests: expenditure and income[1,2,3], Great Britain, 2018/19 to 2022/23

£ million

Country & expenditure	2018/19	2019/20	2020/21	2021/22	2022/23
Great Britain	**26.8**	**26.2**	**14.1**	**2.8**	**65.7**
Harvesting & haulage	36.4	40.8	42.8	46.8	47.2
Recreation, etc[4]	70.2	78.7	69.1	72.8	86.1
Other expenditure	110.4	107.0	129.2	138.7	167.0
Timber	-131.2	-136.2	-168.2	-188.8	-158.8
Recreation, etc[4]	-31.5	-32.0	-27.0	-33.2	-34.9
Other income	-27.5	-32.1	-31.8	-33.4	-40.9
England	**11.9**	**22.4**	**17.9**	**12.4**	**43.4**
Harvesting & haulage	14.0	16.2	15.6	15.6	18.2
Recreation, etc[4]	49.4	57.8	51.9	53.2	66.0
Other expenditure	38.3	36.6	34.2	37.6	47.6
Timber	-53.2	-50.8	-52.7	-56.2	-48.5
Recreation, etc[4]	-27.8	-27.9	-22.6	-28.8	-31.0
Other income	-8.8	-9.5	-8.5	-9.0	-8.9
Wales	**[x]**	**[x]**	**1.1**	**-3.1**	**0.8**
Harvesting & haulage	[x]	[x]	4.8	5.0	5.3
Recreation, etc[4]	[x]	[x]	1.8	2.0	2.5
Other expenditure	[x]	[x]	26.2	29.0	30.6
Timber	[x]	[x]	-30.4	-37.1	-33.8
Recreation, etc[4]	[x]	[x]	-0.7	-1.2	-1.2
Other income	[x]	[x]	-0.6	-0.7	-2.5
Scotland	**14.9**	**3.8**	**-4.9**	**-6.5**	**21.4**
Harvesting & haulage	22.4	24.6	22.4	26.2	23.7
Recreation, etc[4]	20.8	20.9	15.4	17.6	17.6
Other expenditure	72.1	70.4	68.8	72.1	88.8
Timber	-78.0	-85.4	-85.1	-95.5	-76.5
Recreation, etc[4]	-3.7	-4.1	-3.7	-3.2	-2.7
Other income	-18.7	-22.6	-22.7	-23.7	-29.5

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 to 2022/23, 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. [x]: 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, 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, Natural Resources Wales and Scottish Forestry spent £110.9 million on other activities in Great Britain in 2022/23.

A further £17.9 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], Great Britain, 2019/20 to 2022/23

£ million

Country and type of expenditure	2019/20	2020/21	2021/22	2022/23
Great Britain	**92.1**	**72.9**	**97.2**	**110.9**
Grants and partnership funding[3]	66.5	43.2	66.9	73.9
Policy, regulation & administration	14.1	16.3	15.5	19.1
Research - GB funded[4]	11.6	13.4	14.8	17.9
England	**6.5**	**5.3**	**15.0**	**27.3**
Grants and partnership funding[3]	5.8	3.3	12.9	24.7
Policy, regulation & administration	0.7	2.0	2.1	2.6
Wales	**2.4**	**3.7**	**4.3**	**6.4**
Grants and partnership funding[3]	1.1	1.1	1.1	1.1
Policy, regulation & administration	1.3	2.6	3.2	5.3
Scotland	**71.7**	**50.5**	**63.1**	**59.3**
Grants and partnership funding[3]	59.6	38.8	52.9	48.1
Policy, regulation & administration	12.1	11.7	10.2	11.2

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 2013/14 to 2022/23. At a country level, £41.2 million was paid in grants in Scotland in 2022/23 (a 10% decrease from the previous year), £13.4 million was paid in England (a 9% decrease from the previous year), £9.3 million in Wales (a 52% increase from the previous year) and £3.1 million in Northern Ireland (an increase of 11% from the previous year).

Table 8.5 Grant money paid, UK, 2013/14 to 2022/23

£ million

Year	England[1]	Wales[2]	Scotland[3]	Northern Ireland	UK
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
2021/22	14.8	6.1	45.8	2.8	69.5
2022/23	13.4	9.3	41.2	3.1	67.0

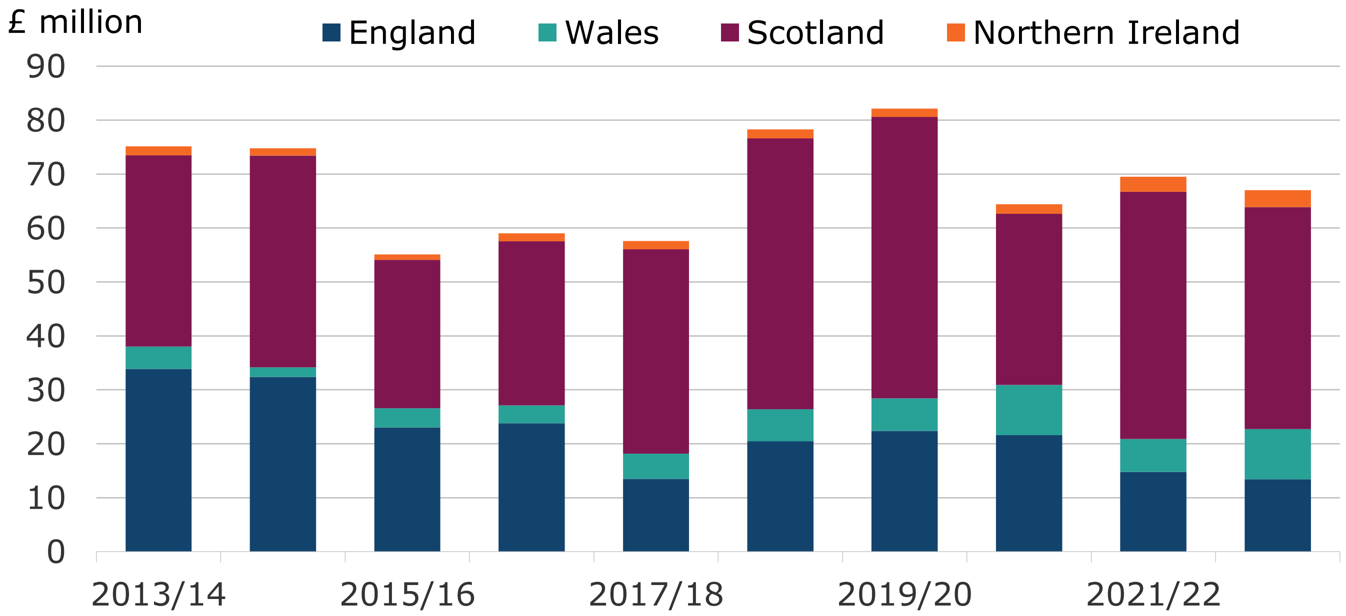
Source: Forestry Commission, Welsh Government, Scottish Forestry, Northern Ireland Forest Service

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, UK, 2012/13 to 2022/23



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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