

Funding woodland management in South East England through sales of wood and timber.

Social and environmental as well as economic benefits are delivered through the active management of woodlands. However, a large proportion of woodlands in South East England are not managed.

In recognition of these benefits, the government's forestry policy has encouraged the sustainable management of woodlands. Anecdotal evidence suggests that the poor state of the timber market is an important factor in the low level of such activity in this region.

The Royal Agricultural College, Cirencester, were commissioned to assess the impacts and influence of timber markets on woodland management. This summary presents their key findings. The full report can be viewed on the Forestry Commission website at www.forestry.gov.uk/southeastengland.



Key facts about the forestry resource

- The region is the most densely wooded in England. The woodlands are composed mainly of broadleaved species, in particular oak, ash, beech and birch. The predominant conifer species is pine.
- There are many small woodlands in the region – woodlands under 10 ha constitute nearly 90% of all individual woodlands but account for less than 20% of the woodland area. The larger woodlands constitute the main timber production areas.
- Woodland ownership, and in turn management objectives, are diverse and have an important influence upon the type and extent of activities.
- Private ownership accounts for nearly 70% of the woodland area. These owners include estate owners, farmers and investors as well as 'lifestyle' farmers and 'residential' owners (who have woodlands as an extension of their garden).
- The Forestry Commission manages 13% of woodland and the remaining 19% is owned by other 'non-private owners' including Local Authorities, the Woodland Trust and the Wildlife Trust.

Timber prices and woodland management

Timber prices are currently very low in historic terms – prices have fallen by at least 30% over the last 6 years.

First thinnings are likely to result in a cost operation for all but the larger and actively managed woodlands. Subsequent thinnings and clear felling have the scope to provide modest returns for the larger woodlands.

For the smaller woodlands (under 10 ha), it is estimated that virtually all thinning operations are likely to result in a loss, and often the net income from the clear felling will not cover subsequent restocking costs.

Changes in timber prices have most significant impact on the returns available from the larger woodlands and in turn on the type and extent of woodland operations undertaken. For example, an increase of 10% in timber prices would enable thinning operations in most larger woodlands to at least break-even. An increase of at least 50% in timber prices would be required for most small woodlands to have a chance of breaking-even.

Current poor timber prices have resulted in harvesting operations being delayed. This has had a knock-on effect on restocking and subsequent maintenance. Furthermore, the lack of assured work has caused a number of contractors/woodland managers to seek other forms of employment outside the forest sector.

Regional Forestry Framework
Background information/research summary
No. 1

Forestry Commission
South East England Conservancy
Alice Holt, Farnham, Surrey, GU10 4LF
Tel: 01420 23337
fc.seeng.cons@forestry.gsi.gov.uk

Do timber prices affect management?

The strength of the link between timber prices and woodland management varies according to a range of factors.

Ownership

The link is most significant in the private sector, particularly for estate woodlands and farm woodlands which account for 40% by area of the region's woodlands.

The managers of such woods generally cite overall returns from the woodland as an important influence on management activities.

For the remaining 60% of the woodlands in the region, which are equally divided between 'other private owners' and public ownership, the link is less strong.

The availability of 'outside' funding tends to be more important than the economics of woodland management. Furthermore the lifestyle and residential owners are more likely to be motivated by other values, such as amenity, than by the proceeds from timber sales.

Size of woodland

Timber production and prices tend to be less important for small woodlands than larger woodlands (though small woods may be managed together and so function as a large unit). Non-timber issues such as sporting, landscape and habitat management often dictate management objectives.

There are nearly 23,000 woodlands under 2 ha in size, comprising 66% of all individual woodlands. Most are broadleaved. Although very numerous, they account for only 4% of the total woodland cover in the region so while important in defining the landscape, biodiversity and character of the region, they are insignificant from the perspective of timber production.

Woodlands over 10 ha in size, whilst only 10% of all individual woodlands, account for over 80% of the total woodland cover in the region. Most of the region's timber production is from these larger woodlands and it is the management of these woodlands which is most influenced by timber prices.

What else affects woodland management?

While the economics of woodland management are cited as a particularly important motivator, returns can be influenced by the availability and extent of grant aid, tax concessions and contributions from non-timber benefits such as sporting (e.g. pheasant shooting and deer stalking), as well as timber prices. Grants, for example, have been instrumental in the encouraging owners to undertake ride creation and coppicing.

Other factors affecting decisions on woodland management include level of knowledge, level of interest, administrative burdens and environmental constraints.

Outlook for the timber market and prices.

There are few signs of any improvements in the price of bulk timber. Timber and wood products are subject to the global free market and British grown produce must compete with imported timber in terms of price, quality and service.

The increased availability of cheap supplies of timber from countries such as the Baltic states, together with the relative strength of Sterling against those countries, have all contributed to exerting a downward pressure on timber prices. Increased competition from these countries (particularly in the lower value chipboard and pulp markets) is expected to continue.

The costs of timber production and the subsequent processing in the region (and in the UK as a whole), are likely to remain uncompetitive with other parts of the world for the foreseeable future.

The revenue from low value timber products is thus not expected to cover the production and transport costs for most woodlands unless local or niche markets can be created and/or expanded. It is not possible at the regional or national level to affect the global market or to impose trade barriers to make home produced timber more competitive.

What can be done to promote woodland management in the region through market means?

- Concentrate work to encourage timber production on larger woods, particularly those which have an approved woodland management plan and are considered to be already managed.
- Target limited grant resources to the sustainable management of existing woods, rather than the creation of new woods.
- Make the Forestry Commission's advisory and grant aid resources available only to woodlands larger than 2 ha.
- Include woodlands under 2 ha in the Higher Level Environmental Stewardship Scheme (as proposed) and make eligible for free advice delivered by a dedicated employed woodland officer.
- Seek to promote a local woodfuel market by providing capital grants to encourage the installation of wood fuel burners. Stipulating as a condition of any grant funding that the timber must be derived locally (as is the case for the DEFRA Energy Crops Scheme) will help such a market to benefit woodland management in the region.
- Encourage greater use of locally grown timber with government bodies taking the lead where practical.

See www.forestry.gov.uk/southeastengland for the full report.