



BRINGING WOODLAND INTO MANAGEMENT

The missed opportunities in England and Wales

January 2019

Summary

England and Wales are losing out on £ms because of unmanaged woodland totalling an area larger than the size of the Lake District National Park.



This is not only a wasted economic opportunity, it is a lost chance to increase carbon capture and storage and improve biodiversity; it is also undermining the health and resilience of these woodlands, making it more likely that eventually they will become derelict.

The government set a target of 67% woods in management by 2018, but progress towards that has been painfully slow. With just of 59% of woodland in England and 57% in Wales in management the target has been missed. This is despite the fact that prices of timber and woodfuel are currently at a 30-year high.

However many feel that the target itself – which was never set as an end state goal or a limit of feasibility - should be higher and that 75% of woodland in management across England and Wales could be achievable. The National Forest, for instance, has over 70% of its woods in management and has a target to reach 80% by 2020. It covers an area of 500 sq kilometres and extensive planting in the last 25 years has increased woodland cover in the area from 6% to 20%.

The gap in England between current management and government targets – 8% – represents a potential for up to £7.8m a year of additional timber and woodfuel production and up to 90 additional rural jobs. In Wales, where the gap is around 10%, up to an additional £2.2m and 35 rural jobs could be generated.

If 75% of woodland was in active management, the RFS conservatively estimates the additional timber produced would boost the economy by £20m and create up to 240 rural jobs across England and Wales. Contractors and processors would also benefit significantly from increased timber supplies.

The Agriculture Bill 2018 proposes that post Brexit landowners will receive payments for ecosystem services, carbon sequestration and climate change adaptation measures (Natural Capital benefits). Well managed

woodland can deliver more Natural Capital benefits than most other habitats*. Young trees lock up carbon faster than mature trees, compensating for the carbon reduction caused by harvesting as they reach their timber potential.

Defra's Tree Health Resilience Strategy estimates that only 20% of the value forests and trees provide to society lies in its forestry and primary wood processing with 80% in environmental and social - Natural Capital - benefits. As well as reaping additional timber income, owners of well managed woodlands will be well placed to benefit from additional Natural Capital benefits proposed by the Agricultural Bill 2018.

The RFS is recommending six key actions (page 7) to unlock missed potential in woodland

- Education and training
- Support for timber markets
- Payments for Natural Capital Benefits including incentives to replace trees that have been killed or damaged by pests or diseases such as Ash Dieback
- Support for the development of co-operative arrangements for small woodland owners
- Supply chain capital grants
- Improved measurements to accurately track management of woodland

****The Economic Case for Investment in Natural Capital in England***, Economics for the Environment Consultancy Ltd (eftec) report for Natural Capital Committee 2015.



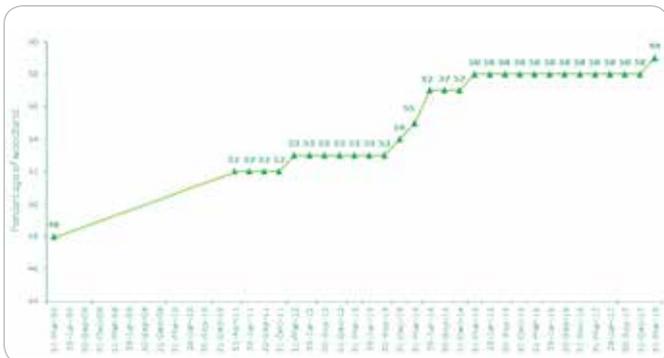
What is the missed opportunity?

New trees are being planted to increase overall woodland cover, but it will be many decades before the benefits of these woods are fully realised. Planting now only to have additional unmanaged woodland in the future would be detrimental to our economy and our environment; there must be a clear and binding commitment to manage all new woodland.

Many traditionally managed broadleaved woods ceased to be managed in the last century as local economies changed. Today, most unmanaged woodland is broadleaved and in private ownership.

Bringing unmanaged woodland into management can often be achieved relatively quickly. To overlook this opportunity is to the detriment of the environment and the economy.

Recent increases in prices and demand for firewood, biofuels and other timber products have helped change the economic landscape and much unmanaged woodland can be beneficially brought back into management.



Woodland in Management: FC England Corporate Plan Performance Indicators 2018

The area of unmanaged woodland which it is physically and economically feasible to bring back into sustainable management is estimated by the RFS to be up to 200,000 hectares in England and up to 53,000 hectares in Wales - a combined area that is larger than the Lake District National Park.

Bringing it into management could generate up to £20m of additional home grown timber and woodfuel a year, support an additional 240 rural jobs in the supply chain and reduce the need for imports to meet demand.

However, it is recognised that not all woodland is suitable or desirable to bring under management and there may be situations where non-intervention or very limited intervention is the best way of achieving a desired outcome.

The UK imports 80% of its timber requirements. The latest Forest Research Statistics (September 2018) reveal wood products imported into the UK in 2017 were valued at £7.8 billion and included 7.9 million cubic metres of sawnwood, 3.4 million cubic metres of wood-based panels, 6.9 million tonnes of wood pellets and 5.6 million tonnes of paper.

Some parts of the country are missing out on woodland economic benefits more than others. The South East and South West of England have higher proportions of unmanaged woodland than the North East of England which has maintained a tradition of active forestry management, particularly of softwoods which provide the bulk of home grown timber.

Many un/unmanaged woods are on farms where they have often not been considered economically viable, but may now provide viable additional income streams.

According to Confor, England and Scotland imported 32,000 tonnes of firewood in the first nine months of 2017. Just 8,000ha of additional managed broadleaf woodland could provide the 32,000 tonnes of homegrown firewood, reducing the need for imports.

The Agriculture Bill 2018 proposes payments post Brexit for managing land use for Natural Capital benefits, which would be additional to timber values. As a result, the way we value our woodlands as 'productive' will need to be recalibrated.

Managed woodland will be best placed to deliver National Capital benefits and to benefit from the additional income potential they offer.

Defra's Tree Health Resilience Strategy estimates the Natural Capital benefits of woodland accounts for about 80% of the value of forests and trees to society meaning the true value of bringing these 'lost woodlands' into management would be far higher than £20m.

Our findings

If 75% of woodland was in management there would be:

	England	Wales
Additional ha into management:	207,602 ha	53 000 ha
Additional tonnes timber per annum:	544,955 t	139,125 t
Additional jobs	182 jobs	64 jobs
Additional income to economy	£16,348,651	£4,173,750

Farms in England

59,280 ha

155,610 t

72 jobs

£4,668,308

Farms in Wales

16,234 ha

42,615 t

20 jobs

£1,278,459

Regions in England

North West/West Midlands

39,983 ha

104,957 t

49 jobs

£3,148,684

North East/ Yorks/ Humber*

12,836 ha

33,696 t

16 jobs

£1,010,869

East Anglia/East Midlands

44,529 ha

116,889 t

54 jobs

£3,506,679

South East and London

65,244 ha

171,265 t

79 jobs

£5,137,965

South West

51,225 ha

134,460 t

69 jobs

£4,033,986

- At 69.4% this is the only region in England to currently exceed Government targets for management



What is a managed woodland?

The area of managed woodland is measured by Forestry Commission England on the basis of Forestry Commission approved management plans and felling licenses. A grant-funded management plan is a pre-requisite for an application for Countryside Stewardship woodland creation and woodland management grants. Management interventions depend on the owner's objectives but include weeding, thinning, pruning, pest control, wildlife habitat management, flood control and restocking.

A felling license is required if more than 5 cubic metres of wood is felled in any three month period and if more than two cubic metres is sold. Restocking is a precondition of a felling license. Small diameter coppicing does not require a licence.

Government statistics also include woodland managed by the Forestry Commission and Ministry of Defence (MOD).

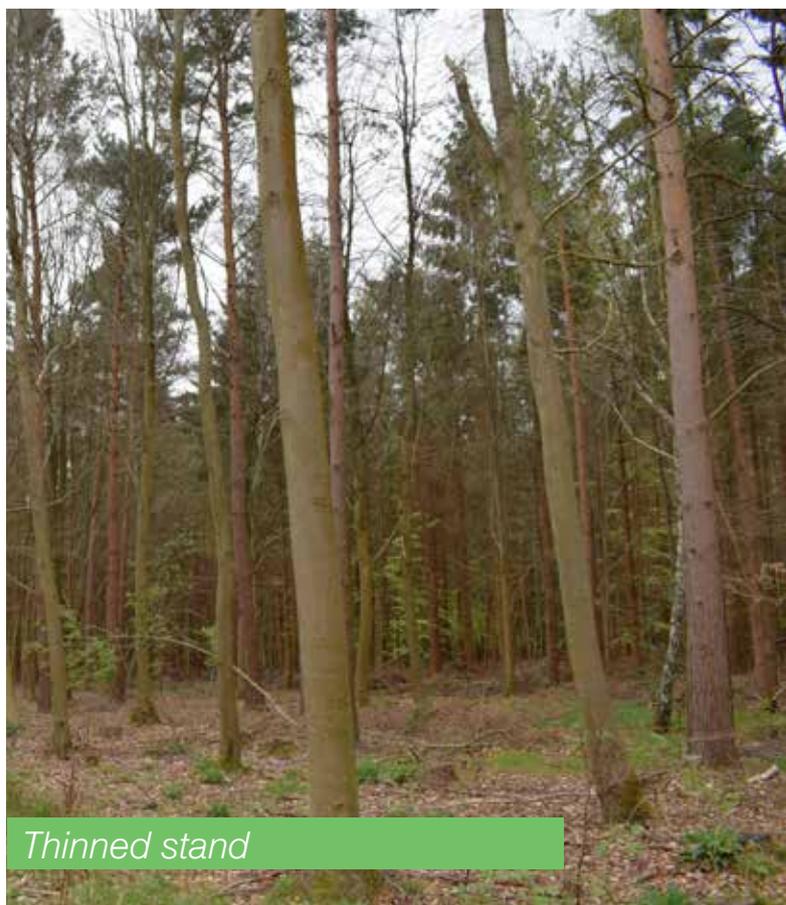
This is an inexact basis for measuring managed woodland, and some have questioned the accuracy of Forestry Commission statistics. Management plans may be approved but not implemented. Thinning and felling may take place below the threshold required for a licence particularly in small woods. A better statistical basis for measuring and tracking managed woodland is needed.

What are the benefits of managed woodland?

The benefits of woodland management are well documented in numerous reports including the 2012 Independent Panel on Forestry report and Defra's 25 Year Environmental Plan published in January 2018:

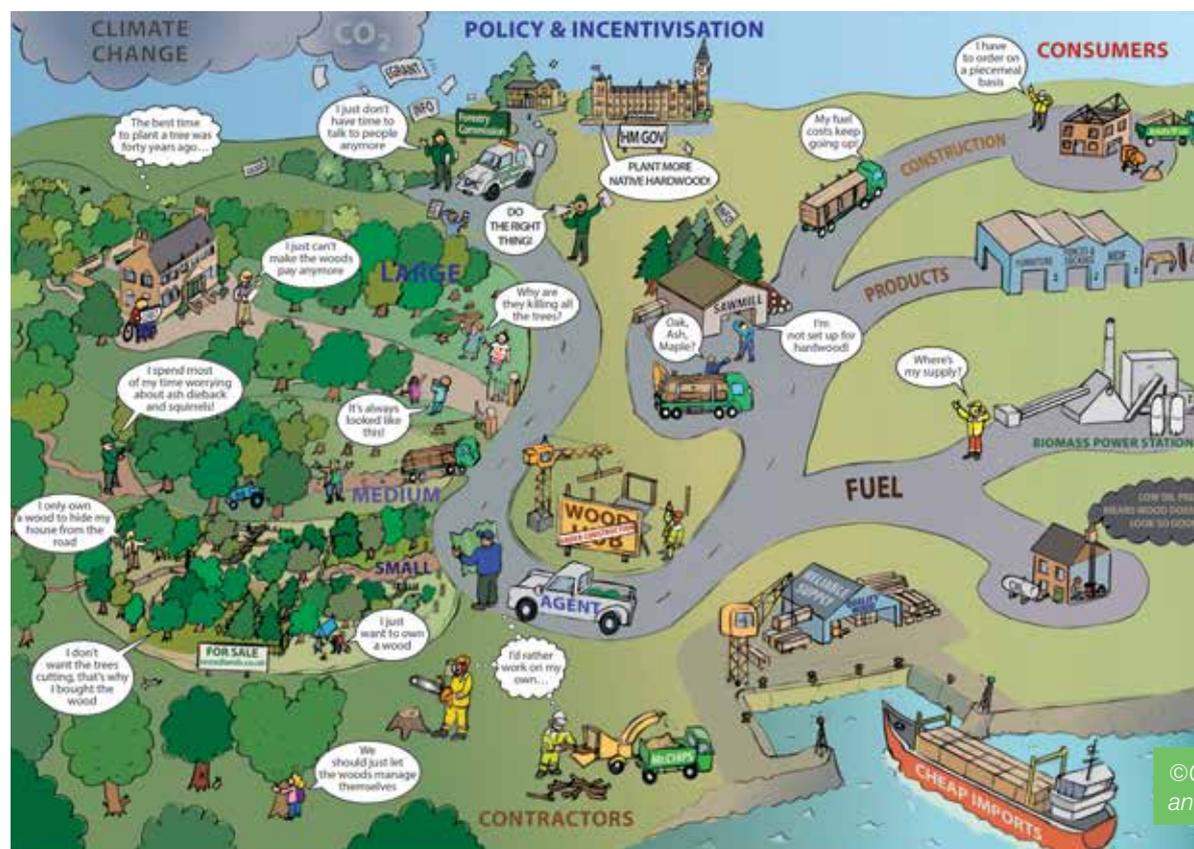
- **Economic:** Production of sustainable and responsibly produced timber and woodfuel. Sustainable use of home grown timber, particularly in construction, would reduce the UK's reliance on imports (currently 80%) and ensure a more robust chain of custody. For the woodland owner, active management also provides a route to tax optimisation, reduction in safety liabilities and improved non-timber revenue opportunities.

- **Environmental:** Enhanced tree health and woodland habitat diversity. Neglected woods lock out light to the woodland floor and prevent the development of a healthy understorey or ground flora - essential to support wildlife such as butterflies and birds. Trees in un-thinned woods are under stress as they compete for light, nutrients and water. Air circulates less freely and moisture content is higher, providing a good breeding ground for pathogens. Trees under stress are more susceptible to pests and pathogens. A managed wood is healthier and more resilient to pests, diseases and environmental challenges.
- **Societal:** Better landscape, amenity, health and wellbeing value. The UK woodlands which people value are not an accident of nature but the product of careful and skilled management, often over many generations. There is a growing body of evidence citing the health benefits to individuals and society of woodland environments. Unmanaged woods are not attractive or welcoming places to visit. Nurturing the next generation of big trees in the landscape requires effort. Without it, cherished wooded landscapes will become degraded.



Thinned stand

What are the barriers to woodland management?



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A report commissioned by Defra (Defra: Eves et al 2016) based on a survey of almost 1000 woodland owners lists the main barriers to woodland management:

Physical:

Size: more than 40% of woodland in England is owned in parcels of less than 20 ha. There are a growing number of small woods which can generate positive and sustainable cash flow for an entrepreneurial owner, but are uneconomic for conventional woodland operations. Fragmentation of ownership in continental Europe is managed through a tradition of cooperatives. There is evidence this can work in the UK, but as yet there are very few established cooperatives.

Access: some unmanaged woodland is on difficult terrain with no access roads to extract timber and woodfuel. In the absence of attractive grants to build access roads, management of these woods is uneconomic.

Financial:

Demand: Timber and woodfuel prices are currently higher than they have been for many years, and there is now a stronger economic incentive to bring woods into management. This reflects growth in demand for woodfuel, strong global demand for timber and relatively attractive exchange rates. Operating returns for lowland broadleaved woodlands are modest compared to other

land uses and many land managers view woodland as low priority. Government grants have become increasingly unattractive, restrictive and unfavourable to sustainable woodland management. There are too many regulatory barriers which put off many who might otherwise engage.

Supply: A report commissioned by the RFS in 2017 identified a severe shortage of forestry contractors especially in southern England. The hardwood supply chain has a high proportion of sole traders who are undercapitalised with limited capacity to respond to growing demand for harvesting and processing operations. The result is that land managers can struggle to secure contractors particularly for small and more complex operations.

Behavioural:

37% of the woodland owners in a Defra study were defined as "Aspiring Managers" who tend to be new to woodland ownership, open to becoming more engaged, but seeking support and guidance on where to get started. 17% of those surveyed were identified as Disengaged Conservationists, mostly small woodland owners, who believe woods are better left unmanaged.



How to unlock the missed opportunity?

The RFS recommends the following measures to unlock this missed opportunity:

- **Education and training:** Land managers who are interested to learn about how to bring their woods into management and to manage them sustainably and profitably should have access to education and learning resources and networks of like-minded people who can support them. Better provision of training for forestry contractors is required to encourage more people to take up this activity and remove the log-jam caused by a skills shortage.
- **Timber markets:** The government should continue to support the Renewable Heat Incentive scheme which has helped to create a market for wood chip and wood boiler fuel. Large biomass CHP plants such as Kent Renewable Energy at Sandwich with a 0.25mt biomass demand have a part to play in stimulating domestic biomass production. The government should encourage use of UK produced wood in construction. A “**wood first**” policy should be considered for adoption in England.
- **Payments for Natural Capital benefits:** Woodland is fully integrated into the New Environmental Land Management System (NELMS) currently under development by Defra to replace the Common Agricultural Policy post Brexit. If a system of payments for ecosystem services includes woodland on an equal basis to agricultural or other rural land uses, there should be a clear incentive for land managers to treat woodland as an asset, and to manage it responsibly. However any regulatory system must be simple and accessible. There also needs to be support for owners to replant and restock with alternative species in the wake of devastating events such as Ash Dieback.
- **Encouragement of co-operative management and marketing:** Collaborative management and marketing approaches should be encouraged to help bring small unmanaged and under-managed woodlands back into productive management.
- **Supply chain capital grants:** Grants should be available for investment in forest roads, and processing equipment at all levels at rates which are attractive to woodland owners and forestry contractors, especially start-ups.
- **Improve statistics on managed woodland:** The current basis of measuring and tracking the extent of managed woodland is inadequate. It is important that this is revisited and revised to give better confidence in the numbers and to better direct policy initiatives.

The key assumptions which support our findings are conservative, using market prices used below those being achieved in 2018*

A mixed broadleaved wood grows by an estimated 3.5m³ per ha per year (or about 2.7 tonnes per ha/year). This means that 3.5m³ can be harvested from each hectare each year and that volume will be replaced the following year. A conifer wood by contrast can grow at more than 18m³ per ha per year.

According to the Forestry Commission, currently only about 15% of annual growth of broadleaved woods is harvested. By contrast about 85% of the annual increment of conifer woods is harvested.

An estimated incremental 3000m³ of timber and woodfuel production can support one additional job in the supply chain between the woodland and the timber processing operations.

A conservative price of £20/t for fire wood and £70/t timber price (below 2018 market prices) has been used. These prices are for sales of standing trees and do not include any contractor or processor costs/prices.

The area of woodland in England is 1.3m ha and in Wales it is 300,000ha; woodland management figures: 59% England (FC Corporate Plan Performance Indicators Report 2018); 57% Wales (Woodlands for Wales Indicators 2015-16.)

*These assumptions have been independently validated by Timber Strategies, a specialist forest & timber consultancy.



Discover more about the RFS at

www.rfs.org.uk

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