Adequate reserves of growing trees

Annex 1. Background and options

Background

1. Through policy incentives aimed at the private sector and the management of the nation's forests, we are actively expanding the area of broadleaf woodland and decreasing the area of conifer woodland in England. Since 1998 the area of broadleaf woodland has increased by 144,000 ha and the area of conifer woodland has reduced by 47,000 ha.

2. There is limited market opportunity for hardwood and a strong market for softwood. The majority of hardwood goes to energy markets and research suggests there is limited scope for increasing volumes of sawn hardwood from the current resource. Woodland creation is dominated by smaller blocks of native broadleaf woodland with limited scope for future timber production.

3. Current policy as set out in the Environment Improvement Plan (currently under review), Net Zero Strategy, and the Timber in Construction Roadmap[1] launched by Minister Creagh in March 2025, is to increase domestic supply of timber and to use more timber in construction. Current volume markets are reliant on softwood, particularly spruce and pine. Global timber demand is set to increase and supplies may become more constrained due to pests, diseases and international forestry policy (e.g. increased emphasis on nature recovery rather than timber production in the EU, a key supplier of timber to the UK market). Therefore this paper focuses on the conifer resource.

4. Ongoing timber availability is likely to influence investment from existing processors, several of whom are international companies (Egger, Iggesund, Binderholz/BSW Group) as well as companies keen to develop new products and markets (e.g.Lighthouse Green Fuels and Nova Pangea are developing wood based sustainable aviation fuel). Information set out in tables of 1 and 2 of Annex 2 reinforces this picture and shows that there has been a 5% decrease in the area of conifer woodland in England over the last 10 years.

5. Annex 2, Table 1 shows that total standing softwood volume is forecast to decline from 90 million m^3 over bark standing (obs) in the period 2022 – 2026 to 77 million m^3 obs in the period 2042-2047. This forecast does not take into account the impact of the current *Ips typographus* outbreak including policies designed to eradicate the pest and reduce the area of spruce in southern England. Nor does the forecast take into account the likely impact of accelerating habitat restoration including deforestation of heath and peatland and removal of conifer planted on ancient woodland sites. Future woodland creation is not taken into account in availability forecasts and new forests will boost future availability. However, unless there are radical policy changes it is unlikely that sufficient conifer will be planted to make up the short fall. Around 4,000 ha of yield class 20 conifer would need to be planted in the next five years to make up the 'lost' 13 million m^3 by 2044. For context, the private sector has planted 1,230 ha of conifer in the last 5 years and Forestry England have planted 160 ha.

[1] https://www.gov.uk/government/publications/timber-in-construction-roadmap-2025/timber-in-construction-roadmap-2025

6. Through good planning, Forestry England generally harvest volumes very close to forecast availability, regardless of market conditions and price. Figure 1 in Annex 2 indicate Forestry England have harvested 103.5% of the available volume as an annual average over the last 12 years, and 93.1% annual average over the last 5 years. This is within +/- 5% tolerance allowed for by UK Woodland Assurance Scheme auditors and is aligned with plans approved by Forest Services. This confidence in annual timber marketing plans is greatly appreciated by Forestry England's customers who, in particular, need a reliable source of FSC/PEFC certified timber – something which the private sector does not typically provide. This consistent marketing approach also aids Forestry England budget / cashflow planning and has been found to be performing in line with industry wood paying capabilities and sales performance of international peers.

7. In contrast the private sector has harvested an average of 59.5% of annual increment over the last 12 years. There is significant potential to sustainably increase production from existing private conifer woodlands to help grow the sector in the short to medium term. However, private woodland owners tend to be price sensitive and opportunistic in timber harvesting. The private sector harvest tends to increase when prices are high and reduce when prices are low. In general terms the UK is a 'price taker' rather than a 'price setter' when it comes to timber markets and government policy is unlikely to alter this.

Defining what 'adequate reserves of growing trees' means.

8. The Forestry Act was written before climate change was understood and before forestry policy and regulation were devolved. The driver behind the need to ensure an 'adequate reserve of growing trees' was the timber shortage experienced in the first and second world wars and the potential impact of shortages in future wars (e.g. lack of pit props to facilitate coal mining). The development of a 'strategic reserve' of timber facilitated the development of the modern British forestry and timber processing industry. At the most basic level, reflecting the 20th century mindset, maintaining this industry and facilitating economic growth remains the focus of the definition of 'adequate reserves of growing trees'.

9. However, it can also be argued that this is too conservative and that a contemporary definition of an 'adequate reserve of growing trees' extends to statutory tree cover targets, climate change mitigation and nature recovery as much as timber security and economic growth. Following devolution, the Forestry and Land (Scotland) Act 2018 included references to international and domestic climate change commitments (Annex 3 Figure 6).

10. To reflect this, the options below include firstly a 'business as usual' scenario ensuring that current softwood timber production can be maintained from both Forestry England and the private sector in the long term. Additionally, two other options would commit us to restoring the area of conifer woodland to that seen in the recent past or expanding the resource further to ensure there is sufficient woodland of the right type to meet net zero and nature recovery commitments.

[Options redacted]

Risk Assessment

11. Overall, there is some reputational risk associated with defining ‘adequate reserves of growing trees’ in the terms discussed here. Environmental Non Government Organisations may contest the need for more woodland in general, and more conifer woodland in particular. Industry groups may call for more ambition for timber production and economic growth. However, NOT having a definition of what ‘adequate reserves’ means in practice leaves the organisation open to criticism from stakeholders, potentially including the Office of Environmental Protection and ministers.

Communication Issues

12. It is likely that a policy statement defining ‘adequate reserves of growing trees’ would be well received by the timber industry but less so by environmental NGOs (although there is growing consensus that we need to do more to increase timber security and reduce our footprint on international forest resources). There would be potential to draw more attention to our statement on complying with the ‘enhanced biodiversity duty’ to head off any criticism of FC being too focused on softwood and conifer. Communication lines could show how each part of the FC plays a part in balancing the demands of the nature recovery and climate change emergencies, including timber supply. Depending on the option selected, publication of a definition and policy statement could expose shortfalls in resources and policies needed to develop and maintain adequate reserves of growing trees in England, including in the nation’s forests.

Implementation and Evaluation Proposals

13. The resources required to develop or maintain ‘adequate reserves of growing trees’ is dependent on the option selected by Commissioners and the level of ambition for FC to lead in this area through management of the nation’s forests and through forestry policy and regulation. Once an ‘in principle’ decision is made, it is proposed that the cost of implementing the preferred option is evaluated and, when appropriate, shared with ministers to help shape future funding settlements.

Ian Tubby, Head of Policy and Advice Team, Forest Services

James Simpson, Director of Operations, Forestry England

James Pendlebury, CEO of Forest Research

03/03/2025