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Options for the commercial management of small-scale farm woodland

Background

- The UK's *Environmental Improvement Plan 2023* set **a target of 16.5% of woodland and tree land cover** in England by 2050.
- *However,* many farmers are reluctant to plant trees on productive agricultural land.
- A complementary policy approach could **include improving the management of existing farm woodland**.
- Post-Brexit changes in UK agricultural policy mean many farm businesses are coming under financial pressure, but **currently a survey suggests only 4% of farmers in England sell timber or wood**, but **farms with no sales have an average of 4 ha of woodland.**
- There are therefore opportunities for more famers to commercially manage woodland.

Summary

The overarching determinant of a farmer's choice will depend on the quality and quantity of trees and sawlogs available and site access. Additional key variables include,

- The farmer's existing knowledge of woodland management and of wood and timber markets.
- The availability of expert advice and training.
- The urgency with which cash is needed.
- Availability of capital.
- What supply chains are available or can be developed.
- The opportunity cost of farmers' and staff time, equipment, buildings and capital.
- Opportunities to add value.

Policy Recommendations

It is necessary to break down existing barriers between farm and woodland management. A farmer survey and case studies could be used to examine existing management of small-scale farm woodland and to estimate gross and net margins for each option.

Farmers with small-scale woodland might consider working more closely together to jointly market woodland as a single contract.

The commercial management of woodland would help

- increase farm incomes
- meet carbon sequestration and biodiversity targets, and
- reduce the need to plant land with trees

Objectives

This study explores 5 farm woodland-based diversification options:

- selling standing trees "at stump",
- selling sawlogs "at the side of the road",
- processing sawlogs into "Ready to Burn" firewood logs,
- producing timber - using a hired mobile sawmill and producing timber - using a farmer owned sawmill.

Findings

(1) Selling standing trees.
An attractive option for farmers with no experience of forestry or marketing woodland/trees, or who have little capital. Employing a woodland management company (WMC) can reduce farmers' legal responsibilities and help farmers to maintain control of forestry operations. *However,* accurate valuation of standing trees can be difficult, so farmers may opt for a "managed sale", and WMC may not work with small-scale poorly managed woodlands.

(2) Selling sawlogs at "the side of road".
Farmers can fell trees themselves or use a specialist tree felling company which assumes legal responsibility for the health and safety removing the need to train farm staff and hire/purchase specialist equipment. This allows farmer to sell small loads to many buyers, widening their potential market. *However,* felling costs can be a high proportion of the value of small scale un- or undermanaged woodlands.

(3) Processing sawlogs to sell "Ready to Burn" firewood logs.
An attractive option for farmers with low quality woodland and available labour, buildings, and non-specialist equipment (e.g. tractors, trailers) and buildings. *However,* it must comply with "Ready to Burn" legislation (logs less than 20% moisture content) which ties-up capital, tighten cash flow and requires higher annual throughput to justify initial investments.

(4) Hire a sawmill and sell timber.
An attractive option for farmers with high quality sawlogs. Farmers can hire sawmills to match their supply of sawlogs. Farmers can learn from expert sawmillers. This low cost-entry into sawmilling allows farmers to supply bespoke timber markets to add value to their timber. *However*, sawmilling charges will be expensive if farmers have a large quantity of wood to saw.

(5) Purchase a sawmill and sell timber.
An attractive option for farmers with large quantities of high-quality sawlogs. Same benefits as hiring a sawmill. *However,* requires capital and training, and incurs operating expenses, so only suitable if farmer wants to start a larger-scale farm diversification enterprise.

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