Expert Working Group
for the Wood Panel Industry

Fourth Edition Report
2023

Kidland Forest, Northumberland, England

1. Foreword

For the first time, the Expert Working Group for the Wood Panel Industry has brought together Parliamentarians from the UK and devolved Parliaments (Westminster, Holyrood and the Senedd) in an effort for cross-border collaboration to bring a coherent and consistent approach to forestry policy and the needs of the Wood Panel Industry across mainland Great Britain.

Chaired by former UK Energy Minister, Rt Hon Brian Wilson CBE, the report's recommendations are the result of three round table meetings that took place in early 2023 with representatives from each of our parliaments: Selaine Saxby MP, Chair of the APPG for the Wood Panel Industry and the constituency member for West Fraser at South Molton; Fergus Ewing MSP, Convenor of the CPG for Wood Panel Industry and the constituency member for West Fraser at Inverness and; Ken Skates MS, Welsh Parliamentary Member of the Expert Working Group and constituency member for Kronospan at Chirk.

The three constituent members of WPIF — EGGER, Kronospan and West Fraser — operate across six sites, located in England, Scotland and Wales. The Industry currently supplies 65% of the UK's demand for wood panel products utilising 25% of the total roundwood harvest basket (11.2 million green tonnes in 2021). These products are essential to the housebuilding, construction and furniture markets. The contribution of the Wood Panel Industry to the UK economy cannot be underestimated, with a combined sector turnover of over £1b per annum and supporting in excess of 7,500 jobs from Devon to Inverness.

It is clear that the biggest constraint affecting the wood panel industry is the lack of a secure and growing supply of productive British timber. Quite simply, the UK has less than half the forestry cover of most comparable developed countries, and consequently a static annual forestry basket. This is holding back British industry and limiting the creation of British jobs. The opportunity to grow the wood panel industry to meet the 35% demand for their products that is currently satisfied by foreign imports of wood panel products is an opportunity for the UK not to miss. We simply need to have the ambition to meet our forestry cover and tree planting targets in the current parliamentary terms and to address the chronic under investment of the decades that have preceded us.

In order to support our ambitions, our Governments need to take a coordinated and sustained approach to set long-term forestry targets and thereafter ensure the delivery of the targets should be done collaboratively. A new steering group of UK, Scottish and Welsh Forestry Ministers should be formed to deliver targets over the medium term to 2030 and the long term to 2050.

We welcome the respective targets of our Governments in order to achieve the UK-wide ambition to plant 30,000 hectares of new forestry per year by 2025 across the UK. This is an important first step in our drive towards improving wood security and it is essential that our Governments meet their tree planting targets. But we believe strongly that the Committee on Climate Change is correct that we need to raise our ambition to plant up to 50,000 hectares by 2050.

1. Foreword

Similarly, the UK is one of the least densely forested countries in Europe with only 13% forestry cover in comparison to Europe which has 46% forestry cover and the world average of 31%, putting the UK at a significant competitive disadvantage. This must be addressed and we are pleased to see targets for England, Scotland and Wales ranging from 16% to 21%. This is a good first step but only the start of what will be required.

We understand that there is increasing demand from the wood fuel sector and hope to stress how essential it is that our Governments consider how all wood users can coexist without detriment to each other. The growth of woody biomass should not come at the expense of the wood panel industry. It is essential that the hierarchy of uses is clearly defined and that the security of the wood supply must be protected for all wood users.

This industry stands ready to grow, meet demand, and provide high-quality jobs in rural areas, such as those in our respective constituencies. We call for the UK and devolved Governments to meet their tree planting and forestry cover targets, with at least 60% of new planting being productive species, in order to support this important sector.

On behalf of our constituents and the wider economy, we commend this report to Ministers and look forward to working with them to help grow a truly great British industry for the benefit of all who depend on it.

Selaine Saxby MP

Conservative Member of Parliament for North Devon

Chair of the All-Party Parliamentary Group for the Wood Panel Industry

Fergus Ewing MSP

SNP Member of the Scottish Parliament for Inverness and Nairn

Convener of the Cross-Party Group in the Scottish Parliament on the Wood Panel Industry

Ken Skates MS

Labour Member of the Welsh Senedd for Clwyd South

Welsh Parliamentary Member of the Expert Working Group

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Wood Panel Industry Federation (WPIF)

WOOD PANEL INDUSTRIES FEDERATION

Established in 1995, the Wood Panel Industries Federation (WPIF) is a representative organisation giving voice to the industrial manufacturers in the United Kingdom and Ireland of Chipboard, Oriented Strand Board (OSB) and Medium Density Fibreboard (MDF).

The world's first productive wood fibreboard plant opened in 1898 in Sunbury-on-Thames but the industry present today has roots going back to the mid–1960s. With six manufacturing sites owned by three companies, the UK manufacturers of wood panel products make a vital contribution to the economy. Today the combined turnover of the UK manufacturers is over £1 bn.

In 2021, the combined UK consumption of these board types was approximately 5.3M m3 of which the domestic manufacturers supplied 67%. Although often hidden beneath floor coverings, paint or laminates, these products are ubiquitous in our lives today and are used throughout the fabric of buildings, interiors (including offices and retail) and in furniture. Housing today cannot be built or furnished without wood-based panels and the numerous UK based processing industries that incorporate panels into their products could not function without the UK wood panel industry.

They add significant value to the wholesale and retail markets within the UK, supplying essential materials to a wide range of industries, including construction, furniture, packaging and transport, amongst many others. On a combined basis, these downstream processing industries employ tens of thousands of workers, and depend on the supply of products from the UK wood panel manufacturers.

2. Profile of the Industry

WPIF Member Companies

EGGER is an international manufacturer of wood-based materials. Headquartered in Austria, the family owned business has 21 plants and 24 sales offices across the world. In the UK, we produce approximately 1.2 million m^3 of chipboard at our two production sites located in Barony, East Ayrshire and Hexham, Northumberland. We employ over 800 people across two sites, and since 2006, we have invested over £250 million into our UK operations. We produce raw chipboard, Eurodekor faced chipboard, and structural flooring in the UK for the furniture, interior design, and housebuilding markets. We also supply the UK market with worktops, laminates, edging, OSB and decorative flooring.

Kronospan manufactures and distributes wood-based panels. Globally we are one of the leading manufacturers of: Particleboard (PB), Medium density fibreboard (MDF), Laminate flooring, UF/ MUF and MF resins for wood-based panels and Oriented strand board (OSB) in Europe.

Kronospan also produces speciality and decorative paper as well as other associated value added products, such as melamine-faced panels, worktops, wall panels, window sills, lacquered HDF, compact boards, high pressure laminates (HPL), plywood and others.

Kronospan manufactures wood-based panels at more than 35 sites and is local in many countries.

West Fraser is a diversified wood products company with more than 60 facilities in Canada, the United States and Europe. From responsibly sourced and sustainably managed forest resources, the company produces lumber, engineered wood (OSB, LVL, MDF, plywood, particleboard), and other products including pulp, newsprint, wood chips and renewable energy. Our UK-manufactured products are used extensively in the construction, DIY and furniture sectors.

Our brands, SterlingOSB Zero, CaberFloor and CaberMDF, are well known in the construction industry and are commonly specified by architects, national housebuilders and specifiers. We are proud that as a certified net carbon negative company we lock up more carbon in our products than we emit making them, helping the UK construction sector comply with net zero targets and beyond.

1. **EGGER Barony** — Barony Rd, Auchinleck, Cumnock KA18 2LL
2. **EGGER Hexham** — Anick Grange Road, Anick, Hexham NE46 4JS
3. **Kronospan Chirk** — Maesgwyn Farm, Wrexham LL14 5NT
4. **West Fraser Inverness** — Morayhill, Inverness IV2 7JQ
5. **West Fraser Cowie** — Station Rd, Cowie, Stirling FK7 7BQ
6. **West Fraser South Molton** — Hill Village, South Molton, Devon, EX36 4HP

2. Profile of the Industry

Wood Panel Industry Products

Wood-based panels are versatile products with a wide variety of end uses and service a wide variety of downstream customers across multiple industries. From kitchen and bedroom units and worktops to flooring, sheathing, furniture and shopfitting to name just a few.

Construction

Wood panel products are widely used in the construction industry. The industry makes unique boards that are highly versatile for both load bearing and non load bearing, dry or humid conditions. There are numerous applications including floor and roof decking and wall sheathing. They are used as components within structural elements such as SIPs panels and I Beams. Non-structural items such as windowboards, architraves or door and window components commonly use wood panels.

Kitchens & Bedrooms

The industry offers enhanced products widely used in kitchens and bedrooms. Cabinets are typically made using a face chipboard which is then engineered with a postformed edge where the laminate is profiled around the front edge for a seamless look. With superior machining and finishing properties, MDF will typically be used in cabinet door and drawer fronts as well as other decorative profiled parts.

Laminate Flooring

The industry produces strong and damage-resistant flooring for use in domestic and commercial flooring applications With a core substrate of either Medium-Density Fibreboard (MDF) or High Density Fibreboard (HDF), flooring is produced by laminating the boards with the desired finish whether that be tile, wood or concrete effect. The resulting product is versatile, hard wearing and easy to install.

Furniture & Interior Design

With their ability to be painted or to accept a laminate or foil overlay in a multitude of colour and design options, wood panels fulfil a multitude of interior (shops, offices, hotels or even concert halls) applications. Furniture is seen in its end form but beneath items we take for granted will invariably be a wood panel.

Wood Panel Industry Customers

The wood panel industry operates on a business to business (B2B) basis and works closely with all of the major timber and panel product distributors, merchant and DIY groups. As well as being delivered directly to building sites, a majority of products will go on to be incorporated and or further processed by hundreds of enterprises who will add value before final supply to the consumer.

House Builders/Construction

Bellway

Persimmon
Together, we make your home

Taylor Wimpey

DONALDSON
TIMBER ENGINEERING

DIY Retailers

JEWSON

Travis Perkins

B&Q

Transport

JAGUAR

KIA

LAND ROVER

Kitchens

HOWDENS

JJO

wren
KITCHENS

Retail

M&S

Sainsbury's

HSBC

HADLEIGH
TIMBER GROUP

3. Economic and Environmental Benefits of the Wood Panel Industry

Economic Benefits

The three constituent members of WPIF — EGGER, Kronospan and West Fraser — operate across six sites, located in England, Scotland and Wales. The industry makes a significant contribution to the UK economy by supporting local, regional and national employment and supply chains:

- **The average number of monthly directly employed persons was 2,113 in 2022.**
- **The total number of jobs dependent on the industry — direct and indirect — is approximately 7,500.**
- **The average salary of those employed in the industry is £36,235.**
- **The sector has a combined turnover of over £1 billion per annum, with direct taxes of around £75 million**

Environmental Benefits

The UK's wood panel industry offers environmental benefits in two ways; its use of wood as a key resource and its ambitions as a whole to work towards Net Zero.

Environmental Benefits of Wood

Wood panel products provide two distinct environmental benefits when utilised in the built environment; carbon storage and the displacement of high-carbon materials. Carbon is sequestered from the atmosphere during the growing process of trees which is then stored within that tree on felling and conversion into a wood product.

Conifers are the main type of tree used in the production of panel products and, according to a 2022 Forest Research report, fast-growing conifer plantations achieve the highest CO2 uptake rates across a shorter period (e.g. up to 50 years). In comparison, slower-growing broadleaves take longer to achieve the CO2 uptake rates of coniferous woodlands but do eventually catch up over a longer period. [1]

The report goes on to find that wood products can provide a significant store of carbon, especially when used in construction, noting that "wood in construction does not currently provide permanent sequestration of carbon. However, it provides storage on timescales of decades to centuries and there is significant potential to grow the overall store of carbon in the built environment provided inflows of timber (through new build) exceed outflows (from disposal)". [2]

In addition, utilising wood can also reduce the overall embodied carbon in construction. The Committee on Climate Change in a 2019 report on UK housing, noted that using wood in buildings (construction and fit-out) not only stores the sequestered carbon but displaces high-carbon materials such as cement and steel. [3]

1. Quantifying the sustainable forestry carbon cycle (Forest Research, 2022, p. 9)
2. Quantifying the sustainable forestry carbon cycle (Forest Research, 2022, p. 73)
3. UK housing: Fit for the future? (Committee on Climate Change, 2019, p. 14)

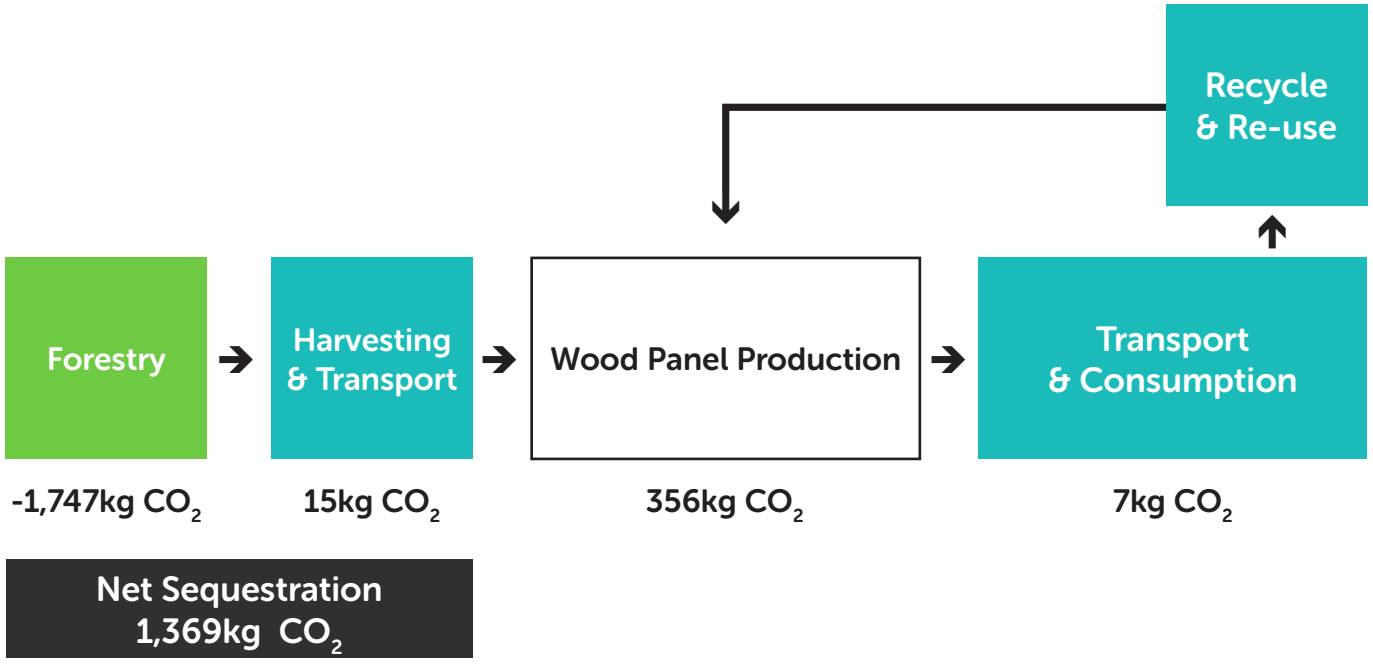
3. Economic and Environmental Benefits of the Wood Panel Industry

As well as utilising virgin wood sources, a significant volume (around 1Mt per annum) of post-consumer and post industrial waste wood is recycled back into chipboard. Recycling extends the period that sequestered carbon remains 'locked-in'. The benefits in terms of carbon value of material use of wood vs direct burning for energy can be seen in the following value chains which compare the lifecycle carbon footprints for both the wood panel industry and the biomass industry.

(source: 'An analysis of carbon emissions for different end of life scenarios for virgin, recycled and low grade wood fibre': Carbon River; report prepared for WPIF 2010.)

CO_2 per tonne timber consumed

Based on domestically sourced virgin fibre



Bioenergy

3. Economic and Environmental Benefits of the Wood Panel Industry

The Industry and Net Zero

In line with current UK and Devolved Government Net Zero targets, the sector is actively exploring several options to decarbonise towards 2050. From inception, wood panel manufacturing plants are designed to utilise their own process derived wood residues as fuel for heat generation, but as a large-scale manufacturing process, some of the energy requirements are still derived from fossil sources.

From a finished product viewpoint, the carbon sequestered within the wood largely offsets the carbon emissions during processing. Whilst significant improvements in energy efficiency have occurred over the past two decades there is still a dependency in the sector on fossil energy sources.

In 2022, the WPIF commissioned a consultant study to understand the realistic decarbonisation potential for the sector, and identify barriers and solutions to decarbonise including increasing the use of renewables, decarbonised gas (including hydrogen) and electrification of heat. The study indicated that a maximum technical potential to decarbonise has been calculated at 88% by 2050 (from a 2016 baseline).

Like all other sectors, the actual achievement is dependent on the UK Government achieving electricity and gas grid decarbonization. Whilst electricity grid decarbonisation is well advanced, decarbonisation of the gas grid is lagging. A more ambitious rate of gas grid decarbonisation would yield a higher rate of decarbonisation which would allow the sector to achieve almost zero emissions by the UK target of 2050.

In either scenario, an element of residual emissions would likely be required to be offset (investing in carbon reduction projects which produce certified Emission Reductions equivalent to the CO2e emissions) to achieve total decarbonisation.

Not all decarbonisation options are available to each site and so in practice, some sites will achieve net zero ahead of others. Depending upon the regional decarbonisation of the gas grid and the degree to which offsetting is required, all sites would have the potential to help the UK meet Net Zero by 2045.

4. Executive Summary

The wood panel industry is a British success story. Perhaps its name understates the importance to our economy and society since every home and workplace depends on the industry's products, both for construction and furnishing.

It is an industry which relies, critically, on a primary product – wood. The manufacturing sites around the country owe their locations to proximity of the raw material. Future investment in these plants, and the thousands of jobs that go with them, depends on the security of wood supply.

The Expert Working Group is focused on supporting that objective. In our earlier report, we highlighted the potential conflicts between the wood panel industry's requirements and the demand for wood to burn as a biomass fuel. A hierarchy of uses was clearly required. That point has been largely accepted by the Government. For the purposes of this report, the focus has turned to the quantum of wood grown for productive purposes and to encourage the view that ambitions must be raised, by setting new targets for each of the UK's constituent parts.

At the same time, we emphasise the need to plant "the right kind of trees" for productive purposes. We challenge any assumption that environmental virtue is synonymous only with species. Commercial forestry, both public and private, is essential to maintaining security of wood supply – and is also good for our carbon reduction targets.

Our approach to these issues transcends party politics and I am delighted that, at Westminster, the All Party Parliamentary Group on the Wood Panel Industry, chaired by Selaine Saxby MP, offers such a broadly-based, consensual reflection of that reality. Similarly, cross-party support has been found in Holyrood and and the Senedd, where the Groups are chaired by Fergus Ewing MSP and Ken Skates MS, respectively. Given the devolved nature of forestry and other relevant policy areas, collaboration across the legislatures is essential.

Over the coming months, we will support the Parliamentarians in pressing Ministers to respond positively to our report; to recognise the importance of this Industry to the UK economy and to put in place the practical measures required to both set and achieve more ambitious targets for productive forestry.

It is a sobering fact that, at present, 80% per cent of wood used in Britain for productive purposes is imported.[4] That need not be so. We have the land, the expertise and the environmental imperative to do much better and at the same time help to secure the future of this British industrial success story.

Rt Hon Brian Wilson CBE
Chair, Expert Working Group for the Wood Panel Industry

4. What impact will increased timber use in the future have on global deforestation? (Environmental Audit Committee, 2022)

4. Executive Summary

Members of the Expert Working Group for the Wood Panel Industry Report — Fourth Edition

The Fourth Edition of Expert Working Group for the Wood Panel Industry has comprised of the following Parliamentarian and Industry Members.

Parliamentarian Members

- **Selaine Saxby MP**, Conservative Member of Parliament for North Devon
- **Fergus Ewing MSP**, SNP Member of the Scottish Parliament for Inverness and Nairn
- **Ken Skates MS**, Labour Member of the Senedd Cymru for Clwyd South

Industry Members

- **Alastair Kerr**, Director General of the Wood Panel Industries Federation (WPIF)
- **John Paterson**, Public Affairs Manager, EGGER UK
- **Chris Emery**, Timber Procurement Executive, Kronospan
- **Steve Roebuck**, Director EHS at West Fraser (Formerly Norbord)

5. Forestry Policy

In the meetings with the representatives from Westminster, Holyrood and the Senedd, the agreed forestry policy positions are as follows:

1. **A Shared Approach Across the UK to Drive Delivery of all Forestry Targets**
2. **Prioritise New Productive Forestry Planting**
3. **Replace Productive Forestry as it is Felled**
4. **Deliver Increased Forestry Cover**
5. **Drive Investor Confidence with Long Term Grant Support**
6. **Simplify the Regulatory Regime**
7. **Encourage the Utilisation of Waste Wood**

Cross Government Collaboration

Forestry policy and the management of Public Sector forests is devolved to the three national Parliaments in Britain. The UK and devolved Governments have each established their own body toregulate forestry policy and management;

- Natural Resources Wales
- Scottish Forestry and Forestry and Land Scotland
- The Forestry Commission

While devolved organisations collaborate on a number of cross border arrangements: Scotland has responsibility for the UK Forestry Standard, the Woodland Carbon Code and forestry economics advice — functions co-ordinated by Scottish Forestry; Wales will co-ordinate the commissioning, co-ordination and programme management of forestry research; England/UK will have responsibility for co-ordinating international forestry policy support and certain plan health (forestry) functions and; Forest Research will remain intact as an executive agency of the Forestry Commissioners.[5]

The UK and devolved Governments have set targets for increasing forestry coverage in their respective jurisdictions. Collaboration and knowledge sharing between these bodies can play a critical role in achieving these goals, particularly in the commercial forestry sector.

Despite devolved organisations working together on cross-border arrangements, there is little collaboration at a Governmental level in relation to setting forestry targets and ensuring their delivery. The Expert Working Group agrees that a formal and structured forum should be established which brings those responsible for setting and delivering forestry targets at Westminster, Holyrood and the Senedd. The aim of this approach is to set long-term targets beyond 2025 and drive focus on their delivery.

5. Forestry devolution: resource list (Scottish Government, 2019)

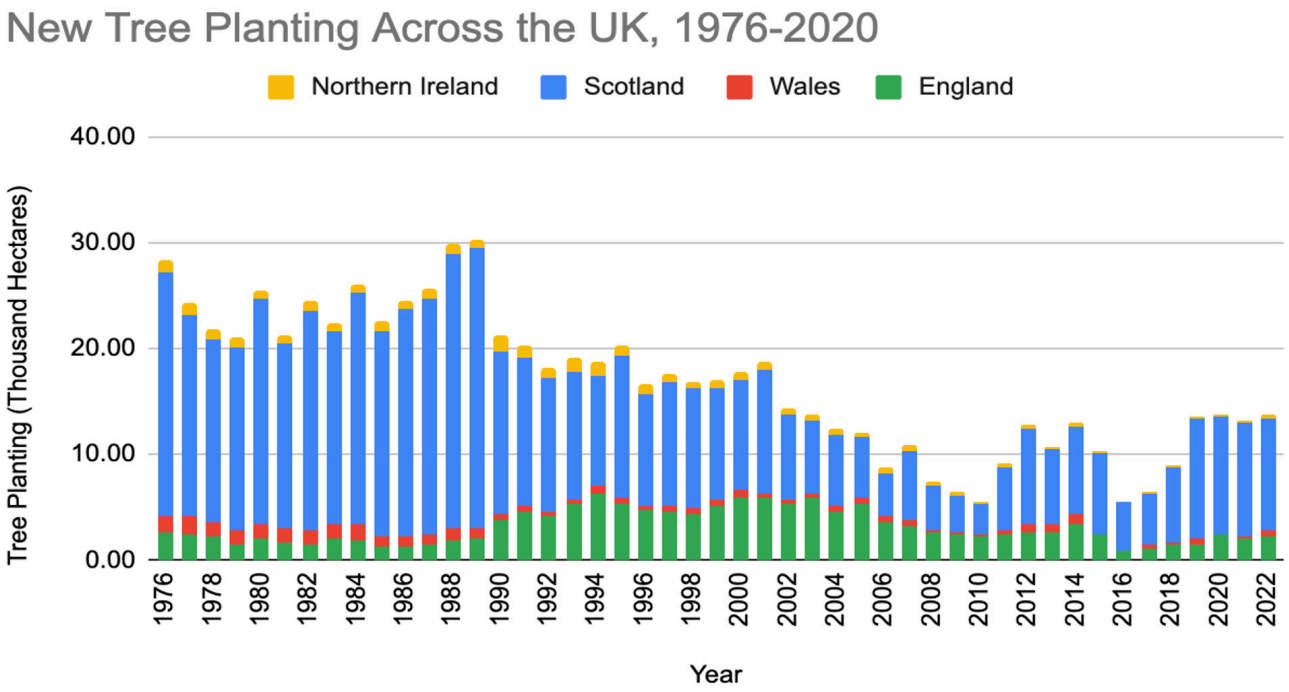
5. Forestry Policy

Planting Targets

It is essential for a secure supply of domestic wood that tree planting targets are met by the UK and devolved Governments. Beyond this, the industry would like to encourage governments to be more ambitious and strive for the Climate Change Committee target. This section outlines current planting targets and presents the Expert Working Group's recommendation for 60% of all new planting to be productive.

The wood panel manufacturing industry depends upon the current and future domestic softwood supply. The greatest constraint affecting the UK Wood Panel Industry is the lack of a secure and growing supply of British timber. Domestic forestry planting has been in decline since the 1970s and it is estimated that the UK will reach 'peak wood' in the 2030s. From 2035 onwards, the domestic virgin roundwood supply is forecasted to decline rapidly, which will reduce the wood materials available for domestic manufacturing and the domestic sawmill industry.

As the availability of domestic supply declines in the short-term, manufacturers are being forced to resort to importing raw materials. This solution is not sustainable as it undermines the ability of manufacturers to produce wood panels at a competitive price and increases the likelihood that the final panel product will be imported from elsewhere.



Forestry Statistics (Forestry Research, 2022)

5. Forestry Policy

Historically, tree planting fell by 82% from 1970 - 2010 and Governments have been striving to reach the historically high levels.[6] Progress has been made in planting levels across the UK since 2010. The UK Government extended their ambitions in the England Trees Action Plan 2021-2024 by committing to increase tree planting rates to 30,000 hectares per year by the end of this Parliamentary term.[7] Each nation contributes to this overall target with Scotland committing to plant 18,000 hectares a year by 2024/25, England to plant 7,500 hectares per year by 2025 and Wales to plant 5,000 hectares per year until 2030.

The Expert Working Group welcomes the ambition to plant 30,000 hectares of new woodland per year by 2025 across the UK.[8] It is, however, imperative that all nations take on this challenge equally because, as demonstrated in the previous graph, most new trees planted over the last 40 years have been in Scotland.

Tree Planting Targets

Overall[9]	30,000 hectares per year by 2024	
England[10]	**Scotland**[11]	**Wales**[12]
7,500 hectares per year by 2025	18,000 hectares per year by 2024-25	5,000 hectares per year until 2030
Climate Change Committee[13]	35,000 to 50,000 hectares by 2050	

It is essential that the UK and devolved Governments hit their targets in order to ensure a secure supply and increased forestry basket and allow wood dependent industries to increase their output as a result. According to recent figures, around 14,000 hectares of newly created woodland were reported in the UK in 2021/22, meaning the UK will have to be planting nearly double in order to meet the target of 30,000 hectares a year by 2025.

6. Tree Planting in the UK (House of Commons, 2022)
7. England Trees Action Plan 2021 to 2024 (UK Government, 2021)
8. Net Zero The UK's Contribution to Stopping Global Warming (CCC, 2019)
9. Planting Trees in England (Defra, 2022)
10. Tree Planting (UK Parliament, 2022)
11. Update to the Climate Change Plan 2018 - 2032: Securing a Green Recovery on a Path to Net Zero (Scottish Government, 2020, p.19)
12. Trees and Timber (Welsh Government, 2021)
13. Agriculture and land use, land use change and forestry (CCC, 2020)

5. Forestry Policy

Productive Forestry

Productive forestry yields considerably more timber than natural forests making productive forestry essential for the wood panel industry and the security of timber supply. However, Conifers, a key productive tree group, only account for around one-half (51%) of the UK woodland area, although this does vary by country with a portion of conifers being one-quarter (26%) in England and around three-quarters (73%) in Scotland. [14]

New planting by forest type, UK, 2017/18 to 2021/22[15]

	Year	England	Wales	Scotland	Northern Ireland	UK
Conifers	2017/18	0.24	0.1	4.68	0.11	5.13
	2018/19	0.42	0.32	7.27	0.1	8.11
	2019/20	0.24	0.04	7.43	0.06	7.77
	2020/21	0.18	0.08	6.94	0.07	7.27
	2021/22	0.27	0.18	6.34	0.09	6.88
Broadleaves	2017/18	1.26	0.1	2.46	0.1	3.92
	2018/19	0.99	0.35	3.94	0.14	5.42
	2019/20	2.1	0.04	3.61	0.14	5.9
	2020/21	1.87	0.21	3.72	0.22	6.02
	2021/22	1.98	0.4	4.14	0.45	6.97
Total	2017/18	1.5	0.2	7.14	0.21	9.05
	2018/19	1.41	0.67	11.21	0.24	13.53
	2019/20	2.34	0.08	11.05	0.2	13.66
	2020/21	2.05	0.29	10.66	0.28	13.29
	2021/22	2.26	0.58	10.48	0.54	13.85

Given the importance of productive forestry to the wood panel manufacturing sector, the Expert Working Group recommends that, within current forestry planting targets, at least 60% of all new forestry planting should be productive species. In 2021/2022 Conifers accounted for 50% of the new planting area meaning the increase to 60% would be a modest but significant to help secure wood supply for wood-dependent industries. [16]

In 2021, 62% of softwood timber came from privately owned forestry. However, publicly owned forestry has the potential to support productive forestry, and the Kielder Forest in Northumberland is an example of how this can be done.

14. Forestry Statistics 2022 (Forestry Research, 2022, p.7)
15. Forestry Statistics 2022 (Forestry Research, 2022, p.42)
16. Forestry Statistics 2022 (Forestry Research, 2022, p.41)

Case Study:

The Benefits of Publicly Owned Productive Forestry

Kielder Forest, Northumberland, North England

Publicly owned forests play a vital role and the need for more publicly owned forests will be increasingly apparent if we are to meet our targets. An example of how publicly owned forests can provide numerous benefits to the environment, and society as a whole is Kielder Forest.

Kielder Forest is the largest man-made forest in the UK and is managed by Forestry England, a UK government agency responsible for the management of publicly owned forests, which began planting in the 1920s. The forest is now England's largest and its commercial forestry is responsible for over a third of Forestry England's timber production with up to 50 lorry loads of timber harvested each day and 600,000 cubic metres of timber each year, generating a turnover of £20m, which is a significant contribution to our local and regional economy. [17]

Kielder Forest provides timber to its local wood panel manufacturer EGGER, which is in Hexham. Expanding the number of publicly owned forests will therefore have significant benefit to rural areas, which could then result in additional wood panel manufacturing plants.

Forestry Restocking Targets

This section examines forestry felling and forestry restocking, demonstrating that there is a significant gap between the total area felled and that restocked which is resulting in a net loss. The Expert Working Group calls for the area and quantity of productive forestry felled to be replaced like for like.

Forestry Felling

Tree felling is the process of cutting down a tree. In the UK, the felling of trees is regulated by the Forestry Commission, Scottish Forestry and Natural Resources Wales, which issue felling licences for the purpose of ensuring sustainable forest management.

According to Forest Research (2022), the UK experienced a permanent loss of 3,300 hectares of woodland between 2006 and 2015. Of the clear-felled area observed in 2006, 69% had been restocked by 2012, resulting in around 33,900 hectares of woodlands in transition and open areas. [18] While these numbers indicate that some areas are being successfully restocked and transitioning into new growth, the permanent loss of woodland is still a concern.

17. The Custody Code at Kielder Forest (Forestry England, 2023)
18. Forestry Statistics 2022 (Forest Research, 2022, pp. 60-61)

5. Forestry Policy

Forestry Restocking Targets

Forestry restocking is the practice of planting new trees in areas where previous trees have been cut down or lost due to natural causes. This process is essential to maintain the health and sustainability of productive forestry. The process involves careful planning and selection of appropriate tree species to ensure that the forest will thrive in the long term. Restocking provides economic benefits, this practice also provides opportunities for job creation and community involvement in forestry management. Restocking also plays a vital role in meeting the demand for timber and other forest products, supporting the economy and ensuring the long-term sustainability of the forestry industry.

In the UK, restocking is typically carried out following the issuance of a felling licence by the relevant forestry regulatory authority. According to the latest data available from the Forestry Commission, around 15,000 hectares of woodland were restocked in the UK in 2021-22. [19]

To maintain the current net area of productive forestry that the UK has, it is vital that felled productive areas are restocked with productive trees. This is especially true for the case of Scotland as it has the highest levels of forestry. If these high levels are to continue, then it is important that Scotland restocks its forestry with productive species. The Expert Working Group calls for the area and quantity of productive forestry felled to be replaced with productive species.

Forestry Cover

This section provides an overview of UK Forestry Cover in comparison to Europe and the World. What this demonstrates is that the UK has significantly less forestry cover by comparison, making it essential that the UK and devolved Governments deliver their set forestry targets in order to make certain a secure supply of domestic timber.

Across England, Scotland and Wales, there are varying levels of forestry cover. Scotland boasts the highest percentage of forestry cover at 19%, followed by Wales with 15% forestry cover. In contrast, England has the lowest percentage with only 10% forestry cover.

Forestry Cover as a % of Land Area[20]

Overall	13.3%	
England	**Scotland**	**Wales**
10%	19%	15%

19. Woodland Statistics (Forest Research, 2022)
20. Woodland natural capital accounts: 2022 (Office for National Statistics, Dec 2022)

5. Forestry Policy

Global Context

A consequence of limited woodland cover means that the UK imports 80% of its wood (the world's second-largest wood importer after China) and leaves the UK very exposed to global developments.[21] The challenge of relying on global imports will only become increasingly difficult as the market becomes even more competitive as the demand for timber is set to quadruple by 2050. [22]

Forestry Cover as a % of Land Area[23]

Country	UK	France	Germany	Italy	Finland	Europe	World
Forestry Cover	13%	32%	33%	33%	74%	46%	31%

Relying on the global market leaves UK businesses vulnerable to the fluctuations of international markets. There is also an additional environmental cost to importing wood. If British forests could service a greater proportion of timber consumption then this would cut down on the carbon footprint that is required from importing overseas.

An increasingly competitive global market will increase costs for UK consumers and therefore it is recommended that action is taken to prevent this by increasing forestry cover. Quite simply, the UK has less than half the forestry cover of most comparable developed countries, and consequently a static annual forestry basket.

The UK and devolved Governments have set their own forestry cover target which is welcomed by the Expert Working Group and it is imperative to support the wood panel industry that forestry cover targets are met.

Forestry Cover Targets

England[24]	Scotland[25]	Wales[26]
16.5% coverage by 2050	21% coverage by 2032	24% coverage by 2050
Climate Change Committee[27]	17% coverage by 2050	

Achieving these targets has the biggest impact on the industry. Scotland currently leads the way in terms of forestry cover and targets and takes a similar lead in terms of delivery of wood supply. In 2021, 62% of timber was sourced from Scotland, 22% from England, 12% from Wales. Timber production in Scotland has driven the UK trend, with production increasing by 14% between 2010 and 2021. [28] The Expert Working Group agrees that it is vital for forestry cover targets to be met and more ambitious targets set thereafter.

22. What impact will increased timber use in the future have on global deforestation? (Environmental Audit Committee, 2022)
23. Forestry Statistics 2022 (Forest Research, 2022, p.225)
24. New legally binding environment targets set out (UK Government, 2022)
25. Scotland's Forestry Strategy 2019–2029 (Scottish Government, 2019)
26. Senedd Questions WQs 88064 & 88065 (Senedd Questions)
27. Land use: Policies for a Net Zero UK (CCC, 2020, p.8)
28. Woodland natural capital accounts: 2022 (ONS, 2022)

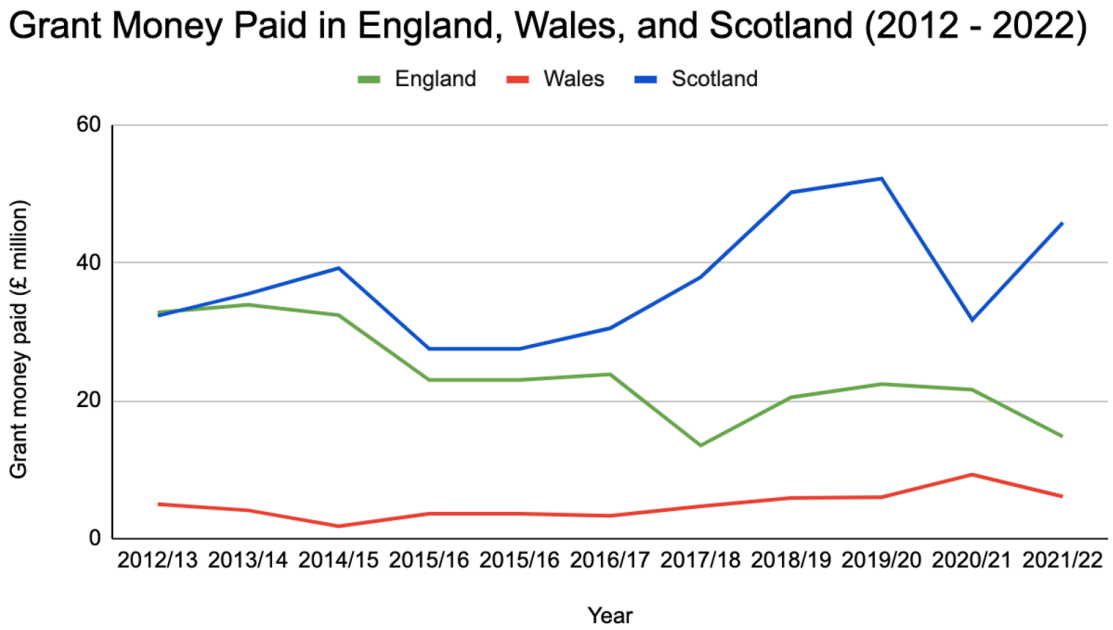
5. Forestry Policy

Grant Regimes

The Expert Working Group agrees that in order to achieve increased planting and forestry cover across England, Scotland and Wales, it is essential that forestry creation is supported by stable and longer-term grant regimes. This section outlines the current grant regimes available and examines an example of how this has helped increase tree planting in Scotland.

To succeed in increasing the wood supply, effective grant schemes are essential in order to support forestry industries in the creation of new woodlands and support the management of existing woodlands. Removing these barriers where possible, and shaping incentives which address financial concerns, risks and uncertainty is critical to success.

The latest forestry research shows that in total, £69.5 million in grant money relating to forestry was paid in 2021/22 across the UK (an 8% increase compared to the previous financial year). In 2021/22, there was a decrease in forestry grants in England (a 31% decrease) and Wales (a 34% decrease) in comparison to the previous year. In Scotland, while there was a 44% increase to the previous year, this was still significantly lower than the £52.2 million paid in 2019/20.[29]



Forestry Statistics (Forestry Research, 2022)

The total grant money paid in Britain has fluctuated over recent years, which Forestry Research attributes to the introduction of new grant schemes, although a sharp recovery typically follows. Despite this fluctuation, the amount of money spent on grant regimes in Scotland has trended upward and this can be attributed to the Forestry Grant Scheme which is managed by Scottish Forestry. [30]

29. Forestry Statistics 2022 (Forestry Research, 2022 p. 218)
30. Forestry Statistics 2022 (Forestry Research, 2022 p. 219)

Case Study:
Scotland — The Forestry Grant Scheme (FGS)

Forestry in Scotland is a success story leading the way in tree planting targets as well as forestry cover. Part of the reason for this success is down to the Forestry Grant Scheme.

The Forestry Grant Scheme is managed by Scottish Forestry and has been in existence since 2015. According to Scottish forestry, the Forestry Grant Scheme has funded over 4,500 projects, creating around 68,000 hectares of new woodland, an area equivalent to the size of East Lothian.[31]

The Forestry Grant Scheme has encouraged greater levels of partnership between the Scottish Government, Forest Enterprise and private landowners. The partnership between these stakeholders has allowed for the efficient and effective delivery of the scheme.

In early 2023, the Scottish Government began a consultation to seek the views on Scotland's forestry grants. The consultation aims to seek views on how the current Forestry Grant Scheme can be invigorated and better integrated with other sources of funding, strengthening Net Zero, biodiversity, economic and community wealth building priorities.

Effective grant regimes in Scotland have supported its delivery of the highest level of forestry planting across the three Governments. The Expert Working Group recognises the role of grant regimes in successfully incentivising forestry planting and, as such, calls for the UK and devolved Governments to continue with grants that reflect the situation of their nation and ensure that they remain secure and in place for at least a full parliamentary term.

31. Refresh of Forestry Grant Scheme planned (Scottish Forestry, 2022)

5. Forestry Policy

Grant Regimes for Commercial Forestry

ENGLAND [32]

Grant Type	Grant Name	Funding Availability	Summary
Woodland Creation	Woodland Creation Planning Grant (WCPG)	Up to £30,000 per project Minimum area of 5 hectares or more.	- The WCPG provides funding to prepare a Woodland Creation Design Plan which is UK Forestry Standard (UKFS) compliant. Landowners, land managers and public bodies can apply to the FC to support the planning of woodland creation.
Woodland Creation	England Woodland Creation Offer (EWCO)	Up to a cap of £10,200 per hectare Minimum area of 1 hectares or more.	- The EWCO is a flagship grant scheme for farmers and land managers to encourage investment in woodland creation. These woodlands will help to mitigate climate change, deliver nature recovery and provide wider environmental and social benefits.
Capital Grant	Woodland Management Planning Grant (WMP)	Over 100 hectares: £2,000 + £10 per additional hectares over 100 hectares	- The WMP is a one-off payment to create a 10 year Woodland Management Plan which is UK Forestry Standard (UKFS) compliant.
Capital Grant	Woodland Creation and Maintenance (WCM)	£6,800 per hectare	- The WCM provides a capital payment to create a woodland followed by, if eligible, an annual maintenance payment to maintain the new woodland for a period of 10 years.
Capital Grant	Woodland Improvement (WD2)	£100 per hectare for five years	- This grant is to improve the biodiversity of woodland and/or make it more resilient to climate change.

32. Forestry Grant Scheme

SCOTLAND [33]

Grant Type	Grant Name	Funding Availability	Summary
Woodland Creation	The Forestry Grant Scheme (FGS)	Conifers in standard areas Initial planting payment of £1,920 (£/ha) Annual maintenance payment rate £208 (£/ha) for 5 years	- Woodland creation applicants will receive: Initial planting payment annual maintenance payments for up to five years (to ensure the best start for woodland) and capital grant (e.g. for fencing and tree protection) - Planting a 100 ha productive conifer woodland would receive a Total Grant Payment (over 5 years) of £330,989
Capital Grant	Woodland Improvement Grants within the Forestry Grant Scheme	Long-term Forest Plan:Minimum £500; maximum £15,000 Forest Plan Renewal: Minimum £500; maximum £10,000	- During the Scottish Rural Development Programme 2014–2020, £252 million will be available through the Forestry Grant Scheme (FGS) - The Grant is to support the preparation of forest and/or management plans that set out management objectives for the woodland

WALES [34]

Grant Type	Grant Name	Funding Availability	Summary
Woodland Creation & Capital Grants	Woodland Creation Grant Scheme	Agroforestry creation receives 1,600 (£/ha) Agroforestry then receives a Maintenance payment for 5 years of 60 (£/ha)	- The Woodland Creation Grant Scheme provides funding for tree planting and fencing. Farmers and landowners can apply for this scheme. - If you are planting more than 0.25ha (0.62 acres) you can apply for this scheme. There is no maximum size limit.
Woodland Creation & Capital Grants	Woodland Creation Planning Scheme	The scheme provides grants of between £1,000 and £5,000 based on the area of the plan	- The Woodland Creation Planning Scheme provides funding to access the professional skills of a registered woodland planner, to help develop a plan which works for the applicant and makes productive use of the area to be planted.

33. Forestry Grant Scheme (Scottish Forestry, 2023)
34. Woodlands and Forests (National Resources Wales, 2023)

5. Forestry Policy

Regulations

Supporting increased planting and ensuring a secure supply of wood can only be achieved if planting regulations are underpinned by a presumption to plant. The Expert Working Group agrees that the UK and devolved Governments should work to address regulatory barriers that stop people from planting trees by simplifying, streamlining and overall, reducing the burden associated with planting.

Forestry planting currently requires a complex web of regulations in order to gain the necessary permissions. In order to support the increasing supply of timber required for the wood panel industry, efforts need to be made by Governments and associated regulatory bodies in order to make the regulations simple, easy to understand and efficient to ensure that landowners are not discouraged from engaging in this activity. By simplifying the regulations and reducing the amount of paperwork involved, landowners would be more likely to participate in forestry planting, which would lead to greater forestry cover.

Each Government in Britain has their forestry regulations governed by a non-ministerial government department responsible for the management of forestry in England, this is the Forestry Commission (FC), Wales has the Natural Resources Wales (NRW) and Scotland's forestry regulations are undertaken by Scottish Forestry (SF).

Types of regulations

Planning
Planning for new forestry involves careful consideration of a range of factors such as environmental impact, economic viability and social impact. Planning regulations differ by country and each planning authority has its own woodland strategies as supplementary guidance to inform the development of woodland and forestry.

Felling
Forest managers have to apply on a regular basis for felling or thinning licences. In theory, these are very straightforward but in practice, customers have experienced delays in the Forestry Commission processing and issuing felling licences.

Forest Certification
NRW, FC and SC promotes the use of forest certification schemes, such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), which provide assurance that forestry operations are managed in a sustainable and responsible manner.

Plant health regulations
The UK has regulations in place to protect against the introduction and spread of tree pests and diseases, such as the Tree Health (England) Regulations 2018. These regulations require the reporting of suspected outbreaks and the management of affected trees.

Environmental Impact Assessment (EIA)
EIA is a process which enables decisions to be taken about projects which are likely to have a significant impact on the environment with the fullest possible information and for projects to be designed to mitigate those impacts.

5. Forestry Policy

These types of regulations need to be streamlined and simplified in order to limit the barriers and reduce the time it takes to plant forestry. An overhaul of the regulatory process was carried out in Scotland, following a review by Jim Mackinnon in 2016. A new woodland creation process was introduced in 2018 which saw Scotland meet its annual tree planting targets for the first time the following year.

Case Study:
The Impact of the James (Jim) Mackinnon CBE (2016) Report for Grant Regimes in Scotland [35]

James Mackinnon CBE was a former senior planner with the Scottish Government and was appointed by the former Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing MSP. Mackinnon was asked to examine regulatory barriers that could prevent forestry industry from woodland creation. It was a three-month review with industry stakeholders.

Recommendations:

1. Community engagement at an earlier stage
The report recognises the importance of public engagement within the forestry creation process. The local community should feel involved in the process of woodland creation as well as be made aware of the benefits and engage with any concerns over issues such as noise pollution, safety risks and aesthetics.

2. Approval of sustainable planting schemes should be streamlined
The report conclusively found that the process of approving and obtaining grants was not working and that the majority of those in the sector were unhappy. There were inconsistencies and uncertainties within the previous regulatory system, and it was unsurprising that this was recognised in one of the key recommendations.

3. Publicity and Awareness
Information on the Forestry Grant Scheme was not accessible. It was recommended that staff from the Forestry Stewardship Council should be actively marketing the programme at various rural events around Scotland with the help of Confor. Both a printed copy and an online handbook should be made available. A variety of map and application templates should also be made available online as examples of best practices.

The Expert Working Group agrees it is vital that forestry investment is made where it is most welcome and closest to the industry users who rely on it. Efforts should be made to give investors greater confidence to make forestry applications by putting in place a presumption in favour in areas which have been identified as optimal for productive forestry.

35. Analysis of Current Arrangements for the Consideration and Approval of Forestry Planting Proposals (Mackinnon CBE, 2016)

5. Forestry Policy

The Utilisation of Waste Wood

Waste wood is an essential for the wood panel industry and it is vital that the hierarchy of uses for waste wood is clearly defined and gives priority to uses that will reuse waste wood. This section outlines the industry's current use of wood from waste streams and addresses the issues of increasing competition from the energy sector on the waste wood basket.

Approximately 30% of the industry's total annual wood consumption comes from waste wood streams. Reclaimed waste wood is used in the manufacturing of chipboard and accounts for an average of 67% of the feedstock. If there was a greater level of wood use across the economy then at the end of first life there would be higher volumes of recycled wood available in the market.

Currently the UK waste wood market is relatively static with arisings of between 4.5Mt to 5Mt per annum. With minimal amounts going to landfill, virtually all of the supply is consumed by three principal applications i.e. wood panel manufacture, horticultural products and energy. In the past decade, the volumes going to energy have increased substantially and today energy recovery accounts for approximately two-thirds of the available domestic supply. If recovery for energy continues to be prioritised over recycling and the volumes into wood panel manufacture are eroded, this will put further pressure on the virgin wood resource as well as driving up the costs to the panel industry.

To ensure there is enough wood in the economy to meet the future demands of all users, it's important to 'grow the wood basket'. This can be achieved by meeting new planting commitments which prioritise productive forests. Encouraging an increase of wood product use particularly in building applications will increase the amount of carbon stored in long term applications.

Within waste wood streams, it is essential that priority is given to users which will reuse or recycle waste wood. As the level of raw materials becomes increasingly competitive, it is in the interest of the wood panel industry to focus on recycling wood and developing ways to extend the life cycle of wood fibre. The Expert Working Group supports a hierarchy of waste wood use which makes its supply certain.

Wood-based products → Extending their service life → Re-use → Recycle → Bioenergy → Disposal

6. Energy Policy

In the meetings with the representatives from Westminster, Holyrood and the Senedd, the agreed energy policy position is as follows:

8. No New Tariff-based Incentivisation Schemes for Woody Biomass

Where We Got To

Energy policy is a reserved matter for the UK Government and is the responsibility of the Secretary of State for Energy Security and Net Zero. Recently, geopolitical factors have meant that the cost of energy has risen which has led to the Government taking a fresh look at energy policy to protect the UK consumers from price rises.

The Expert Working Group has become increasingly concerned over the growing clamour to support biomass. The demand for biomass was evidenced by the review published by Chris Skidmore MP which acknowledges that the trade-offs between tree planting and biomass production are complicated but argues that more should also be done to encourage sustainable UK biomass production because it has an "important role in the net zero transition". [36]

Non-Domestic Renewable Heat Incentive

The non-domestic Renewable Heat Incentive (NDRHI) was initially set-up to help businesses, public sector and non-profit organisations meet the cost of installing renewable heat technologies but had unintended consequences on the wood panel industry by incentivising wood-burning.

The wood panel industry welcomed the UK Government's closure of the Non-Domestic Renewable Heat Incentive (NDRHI) scheme to new entrants in March 2021. The effects of the NDRHI was that the subsidised woody biomass created artificial stimulation of demand which distorted the market and caused shortages in UK supply. We believe that it is essential that wood users should coexist without detriment to each other. The growth of woody biomass shouldn't come at the expense of the wood panel industry. The UK wood supply is finite – and if wood is being burned for subsidy, it cannot be used in the construction industry as was the intention when these trees were planted.

The previous Wood Panel Industry Expert Working Group shared the view that it is now necessary for the UK to 'transition to future support schemes that most strategically target tax-payers money' and ensure a level playing field for all wood users. This was due to the extent of NDRHI's considerable effect on the UK's wood basket and on wood security as a whole.

36. MISSION ZERO Independent Review of Net Zero (Rt Hon Chris Skidmore MP, 2023, p.113)

6. Energy Policy

Forward Look

The Expert Working Group is encouraged by moves from a tariff-based system for subsidised biomass to a grant-based system for technologies to assist investment. We support the delivery of these policy proposals and have called upon the Department for Energy Security and Net Zero to ensure that such incentivisation carries over to the Biomass Strategy which is still due to be published.

The rise of the wood fuel sector, which itself consumes around 25% of the UK annual wood basket, previously distorted the market and created shortages in UK supply, which means manufacturers are having to resort to imports to sustain their manufacturing efficiency as a consequence.

It is important that upon the release of the Biomass Strategy, no new tariff-based incentivisation scheme emerges. Any increased use of biomass will sharpen the wood security issues faced by the wood panel industry and other timber-dependent sectors. The productive forestry in the UK should not be sacrificed for any open-ended subsidy to burn a scarce natural resource especially when such a move would be inconsistent with the Net Zero commitments made by administrations across the UK.

In the longer term, the answer lies in planting more trees. However, this offers no prospect of early relief — the benefits of planting over the next few years will not be realised until 2040 - 2060. As stated, forestry planting has been declining and that is the legacy the Industry is now living with. Inevitably, therefore, any new subsidies to burn would rely on trees which were planted long before the subsidy was introduced. The Expert Group wishes to see the long–term prospects of delivering domestically grown wood to the market enhanced further.

7. Recommendations

To ensure this industry's sustainability, the Expert Working Group Report for the Wood Panel Industry has created recommendations for delivery to Ministers in the UK, Scottish and Welsh Governments.

Based on the discussions with the Parliamentary Members and upon reviewing the evidence baseline, the Expert Working Group recommends the following actions be taken:

Forestry Policy

1. A Shared Approach Across the UK to Drive Delivery of all Forestry Targets

The Expert Working Group calls for the UK, Scottish and Welsh Governments to take a coordinated and sustained approach to addressing chronic under investment in productive forestry. Setting long-term forestry targets and thereafter ensuring the delivery of the targets should be done collaboratively. A new steering group of UK, Scottish and Welsh Forestry Ministers should be formed to ensure delivery of the 2025-30 targets and to set targets to be delivered by 2035 and 2050.

2. Prioritise New Productive Forestry Planting

The UK Government's target to plant 30,000 hectares of new woodland every year in the UK by 2025 is welcomed by the Expert Working Group (England 7,500 hectares per year 2025, Scotland 18,000 hectares per year by 2025 and Wales 5,000 hectares per year until 2030). We also encourage each Government to be more ambitious and strive for the Committee on Climate Change target of 35,000 hectares by 2035 and 50,000 hectares by 2050.

Within the targets, we require at least 60% of all new forestry planting to be productive species to support the wood panel manufacturing sector and provide greater security of timber supply, allowing the industry to grow its output to meet the 35% of demand that is currently supplied by imports.

3. Replace Productive Forestry as it is Felled

Restocking following timber-felling is essential to ensure a secure supply of timber over the long term. The Expert Working Group calls for the area and quantity of productive forestry felled to be replaced with productive species.

4. Deliver Increased Forestry Cover

The Expert Working Group supports the UK Government's forestry cover target for England at 16.5% coverage by 2050; the Scottish Government's target for Scotland at 21% coverage by 2032; and, the Welsh Government's target at 24% by 2050. Delivery of these targets is essential and more ambitious forestry cover targets will be welcomed thereafter.

5. Drive Investor Confidence with Long Term Grant Support

Grant regimes across Britain have been proven to be a successful incentive for forestry planting. The Expert Working Group calls for each Government to continue with grants that reflect the circumstances of their nation. Forestry grants need to be in place in tandem with the period that is set for the delivery of productive forestry targets, namely 2035 and 2050.

6. Simplify the Regulatory Regime

It is vital that forestry investment is made where it is most welcome and closest to the industry users who rely on it. The Expert Working Group would like to see Governments identify new areas which are conducive to delivering large-scale productive forestry in order to hit the targets which we support. In addition, it is clear that the time it takes and the complexity of the forestry approval process acts as a deterrent to some investors. Efforts should be made to give investors greater confidence to make forestry applications by putting in place a presumption in favour in areas which have been identified as optimal for productive forestry.

7. Encourage the Utilisation of Waste Wood

Approximately 30% of the industry's wood consumption comes from waste wood streams. In order to maintain a steady supply of waste wood, the Expert Working Group recommends a hierarchy of uses for waste wood that is clearly defined and gives priority to uses that will reuse waste wood.

Energy Policy

8. No New Tariff-based Incentivisation Schemes for Woody Biomass

The Expert Working Group notes the increasing demand from the wood fuel sector and stress how essential it is that consideration is given to how all wood users can coexist without detriment to each other. The growth of woody biomass shouldn't come at the expense of the wood panel industry. It is essential that no new tariff-based incentivisation schemes, similar to the non-domestic RHI emerges for woody biomass creating additional pressure on a limited UK resource.

Expert Working Group
for the Wood Panel Industry

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