

CREATING VALUE FROM FORESTS

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I have renamed this to:

**‘RECOGNISING THE VALUE OF FORESTS AND
WAYS OF MAXIMISING THE TOTAL RETURN’**

The most common question I get asked in relation to woodland management by estate managers and owners is:

‘I LOOK AFTER AN ESTATE THAT HAS A SIGNIFICANT AREA OF WOODLAND THAT SEEMS TO BE COSTING MONEY. WHAT DO I DO WITH IT?’





Common situation is one where the estate, its agents are making the most out of big ticket items with forestry being less essential.

Often there is a

- Woodland Consultant
- Estate Wood Team
- Woods owned by complicated Family Trust
- A loss made each year

Many observations come into my mind when discussing this topic.

Lets look at the 5 main ones .

- 1. If the woods make a loss each year, what is the future of the resource?**
- 2. Is the owner expecting inheritance tax relief?**
- 3. Has the effect on capital values been considered against the management regime?**
- 4. Is management influenced by grants and over persuasive members of the regulatory authorities?**
- 5. Has the manager been instructed to properly reflect the requirements of the owner?**



If the woods make a loss each year,
what is the future of the resource?

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We must remember that woodlands also provide many non-cash benefits:

- Biodiversity,
- water and flood regulation,
- shelter and landscape,
- recreation,
- carbon sequestration and
- habitat

There is need to make sure management regime creates future income or the woods will not be managed which risks the non cash benefits.

Has Shooting or sporting use taken over the management of the estate woods.

Is the owner expecting to benefit from inheritance tax relief?

If the woodlands are not being managed correctly, this benefit does not apply

Are the woodlands being managed to maximize capital value?

Are felled areas being replanted effectively?

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Has the effect on capital values been
Considered against the management
regime?

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Are you replanting with the most appropriate species?

**Has the estate considered planting marginal farmland with
commercial species**

Can the woodlands assist with adding value through planning?



Is management influenced by grants
and persuasive members of the
regulatory authorities?

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Are you converting conifer to broadleaves and benefitting from the short term income from grants?

Are you over-thinning the crops to avoid replanting?

Are you taking full advantage of situations where felling licenses are not needed?



Has the manager been instructed to properly reflect the owners objectives?

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We often find that the woods themselves are dictating policy

Has providing future income been considered

Is the management of the woods reflecting the non-cash requirements of the owners and the local community?

Conclusions

Estate owners and managers may have more appreciation of how the management of estate woodlands also affects other non balance sheet factors.

Hopefully there will be more appreciation of how Forestry is capable of providing sufficient income to fund its management without eroding its capital value.