Forestry and Land Scotland
Coilltearachd agus Fearann Alba

Marketing & Sales
Timber Marketing Framework
2020-2029

Forestry and Land Scotland

Scottish Government
Riaghaltas na h-Alba
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Contents

1. Introduction

Important information and details on how we do business are contained in the document. Existing and prospective customers should familiarise themselves with the content.

FLS supports a sustainable rural economy by managing Scotland's national forests and land in a way that encourages innovation, business growth and investment and that supports development opportunities and 25,000 jobs across the sector.

We manage 32% of all of Scotland's forests and deliver around 40% of the national timber harvest – all of it dual PEFC/FSC certificated timber – underpinning Scotland's £1 billion per annum forestry sector. These forests also lock up around 3 million tonnes of CO^2 annually – an important contribution to mitigating the Climate Emergency.

Our annual timber harvest – a fundamental element of our work – is managed under a strict governance framework, including a new Customer Charter, through which we market timber in a fair, open and transparent way that meets our Corporate Plan objectives, and aligns with Scotland's Forestry Strategy and industry priorities[1].

We routinely market and deliver around 3.2 million m^3 overbark standing (OBS) annually, sold on a competitive basis and using a range of contract mechanisms.

We will maximise value from our timber resource by increasing the percentage of sawlog recovery, promoting the sale of harvesting residues (brash) where environmentally appropriate, and maximising all fibre recovery, both to reduce restocking costs and to supply developing woodfuel markets.

We will publish our annual statement of events, the Sales Plan Programme every November on our web based E-Sales platform[2].

This Timber Marketing Framework (2020-2029) is crucial in delivering on several of the business priorities and outcomes, including improving efficiency and productivity, developing markets and engaging more people, communities and businesses in the creation, management and use of forests and woodland.

[1] "Roots for Further Growth" -Scottish Forest & Timber Technologies-Industry Leadership Group

[2] https://esales.forestry.scot/

The Policy also helps to deliver on the priorities of Scotland's Forestry Strategy and of the wider industry[3] by helping Scotland's forests to: increase their contribution to sustainable and inclusive economic growth; become a more resilient element in a healthy, high quality environment; and help more people to improve their health, well-being and life chances.

Importantly, it also sets out how we, as a commercial trading body within Scottish Government and the largest supplier of certified timber in Scotland, go about selling timber to generate the income that funds the majority of our activities. Our objective is to generate sustainable income from all our commercial activities in order to invest in and protect the forests and land we manage.

This Framework is part of Land Management, Marketing & Sales national team responsibilities and performance against the framework will be reviewed in September 2025.

2. Regulation and Health, Safety & Wellbeing. FISA & FSC/PEFC Certification

Aim:

Health, Safety & Wellbeing will underpin all FLS timber sales objectives. We will continue to be the largest supplier of certified timber (Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC)) in Scotland.

To achieve this:

As a Forest Industry Safety Accord (FISA) signatory, we will support the continuous improvement of safety standards e.g. ensuring appropriate welfare arrangements are provided on all harvesting sites. Forestry and Land Scotland is registered as a professional operator (RAPO) under the plant passport regulations applied in 2019.

We will continue to support and encourage the improvement of operational standards, such as ongoing compliance with UK Forestry Standard (UKFS) and UK Woodland Assurance Standard (UKWAS) requirements, to provide excellent forest services. We will work with trade bodies and regulators to improve health, safety and wellbeing standards within the industry.

[3] "Roots for Further Growth" - Scottish Forest & Timber Technologies-Industry Leadership Group

3. Our Marketing Objectives

FLS markets its timber in a fair, open and transparent way. FLS will therefore secure best value by always selling competitively. Negotiation will be confined to around 5% of sales for operational priorities such as diseased crops, site safety or environmental purposes or where sites have failed to sell competitively.

We will publish details of our annual timber sales programme by November on our E-Sales platform. Changes to the advertised plan will be notified to customers six months in advance.

We will market timber in five annual, competitive sales, providing parcels across Scotland, with a view to benefitting the largest number of potential customers throughout Scotland and beyond.

Our customers will be confident of our help in maintaining their security of supply, meeting PEFC/FSC certification quotas, and providing support for supply chain innovation.

By maintaining our marketing commitments (in the majority of cases) irrespective of prevailing market conditions - we will promote market sustainability and make use of annual performance reviews and customer feedback to help us keep our marketing objectives aligned with our customers' requirements wherever possible. (FLS will retain the right NOT to sell where reserves are not met, volumes marketed *might also vary by +/- 10% in any one year*.)

We will still undertake to maximise revenue on every timber sale, working with all our customers to achieve best value and re-marketing parcels during better trading cycles.

4. Our Timber Sales Programme

The annual production volume (3.2 million m^3 OBS/2.6 million metric tonnes) includes timber felled from non-forestry programmes - such as renewable energy developments and interconnector wayleaves.

Standing Sales

The volume of standing sales will be maintained throughout the Marketing Framework period at around 60% of the annual competitive sale offer or 1.9 million m^3 OBS (1.5 million tonnes).

Roadside and Delivered Sales

The volume of roadside sales will be maintained throughout the Marketing Framework period at around 40% of the annual competitive sale offer or 1.3 million m^3 OBS (1.1 million tonnes).

Further additional volume – from "non-forecastable" sales of material such as harvesting residues – will be channelled into wood fuel production in areas close to high value markets or established processing businesses.

To achieve this:

- Regional harvesting programmes are confirmed and agreed at formal meetings in March of the preceding year with the Head of Marketing & Sales.
- The Marketing & Sales Business Plan is agreed by August of the preceding year.
- The Annual Sales Plan will be published on E Sales by the end of November of the preceding year.
- Our Long Term Contracts (LTC) programmes, including sites, schedules and maps will be presented to contract holders by December of the preceding year.

5. Carbon Hierarchy

For the duration of this plan we will adopt a “carbon hierarchy of use” as a way of comparing the contribution of different wood products.

This means that for roadside sales, we will continue to provide products to suit different markets and encourage the greatest degree of added value which includes both price and product service life, for example by maximising the availability of timber for use in construction.

We will encourage the production of wood fuel from low value forest products in areas close to established renewable energy businesses and explore the potential to harvest additional biomass from branches/lop/top and roadside vegetation management programmes.

Contracts will preference carbon storage over carbon neutral activities. For example scoring on LTC quality schedules will normally reward higher specification products such as construction kiln dried (KD) sawn wood, I-Joists, oriented strand board (OSB), medium-density fibreboard (MDF) and particleboard (PB) over wood fuel.

6. Our Sale Plan Commitment

To help us get the most out of our sales programme, to promote and improve efficiency and productivity, to develop markets and to engage more people and communities, and help businesses with their budgeting, planning and future investment we will:

- Advertise and market 5 programmed sales each year.
- Agree a small proportion of sales via direct negotiation
- Review our contract performance monthly and encourage customer feedback on FLS service performance.
- LTCs will be advertised through E Sales and a forward look of future availability of these contracts is also provided on the E Sales platform.

We may withdraw volume from open market sales which fail to meet our reserves or appropriate negotiation levels post-sale.

LTC parcels which fail to meet our reserves will be offered on the open market to test valuation and reserve assumptions.

7. Our Marketing Methods

Long Term Contracts

Aim:

We will continue to use Long Term Contracts (LTCs) to develop investment into the timber processing sector in Scotland and to get FLS' annual programme to markets in a competitive environment.

To achieve this:

- We will offer around 55% of our annual programme under LTCs and offer them in smaller parcels to encourage more customers to bid, with added-value submissions (e.g. competitive pricing mechanisms, proven investment into primary and secondary processing, harvesting & haulage infrastructure, new technology and employment) being given preference.
- On expiry, all long term contracts will be re-sold competitively on the open market. A programme of scheduled LTC events will be advertised on E sales and future availability can be checked under Sales Information, Contents, LTC Recovery Volume.
- Unit income will be monitored to ensure that LTCs maintain value in comparison to our open market sales.
- Standing sales and roadside sale elements will no longer be amalgamated into single LTC contracts.

Open Market Competitive Tenders and Spot Sales

Aim:

We will hold 5 open-market sale events annually (February, April, June, September and November) offering approximately 300,000 m^3 OBS per event, with both Standing and Roadside sales options available in each event.

Intermediate or "spot sales" may be presented between scheduled sales for plant health, environmental or planning purposes.

To achieve this:

- We will advertise and market around 45% of our annual programme on our 5 scheduled sales events.

Negotiated Sales

Negotiated sales will normally not exceed 5% of overall sales plan volume.

NB: It should be noted that domestic firewood sales (excluding scavenging permits) also form part of these upper limits.

The primary reasons for a negotiated contract are as follows:

- As a short term means of introducing new customers to FLS.
- Where an open market contract has failed to sell and there is an operational requirement to work the site or remove the timber.
- An operational priority (e.g. Infected crops, site safety or environmental issues).
- Specialist timber products, compliant with the contract and volume limitations stated above.
- Special projects and partnership working.
- Reacting to major unplanned events such as windblow.

8. Domestic and Commercial Firewood

Aim:

We will end unprofitable retail sales of firewood and scavenging permits over the plan period, seeking innovative solutions to ensure that domestic supplies are maintained and developed through existing and new firewood businesses.

To achieve this:

- Through local firewood sales points we will continue to sell firewood directly to the public at up-to-date market prices. We will also introduce a web based sales platform for domestic firewood sales and offer local businesses opportunities for growth, and phase out scavenging permits.

9. Large Diameter and Specialised Species Log Sales

Aim:

We will improve markets over time by marketing more, larger diameter material, marketing a wider variety of species and providing additional services for customers requiring specialised timber.

We will increase the percentage of specialised timber sawlogs in our sales.

To achieve this:

- By agreement, we will continue to retain or buy-back any specialist timber products and increase opportunities to purchase them. We will also bring several specialist sales to the open market each year and look to identify the best mechanisms for selling specialist products such as on-line auctions.

10. Community Engagement and Social Enterprise

Aim:

We will continue to work with communities and local businesses to facilitate firewood and other sales that may support local community interests and that will not undermine local enterprise or subsidise individual interests. Projects that offer "Added Community Benefits" will be encouraged.

To achieve this:

- We will offer sales to support community initiatives such as wholesale firewood businesses, small scale forestry activities, business start-ups and community heating schemes.

11. Methods of Sale (New Contracts)

Our aim is to provide sales parcels in a way that ensures timber is available in a variety of sale types, products, quantity and value in order to accommodate the wide variety of customer needs and capabilities.

We will work with Confor and the Institute of Chartered Foresters to produce the following new contract schedules.

i. Direct Production

a) Roadside Sale (Timber provided to customer's specification available for collection at roadside).
b) Delivered Sale (Timber provided to customer's specification and delivered to their premises).

ii. Standing Sale

a) Tonnage Sale for un-felled timber (At a single price per tonne or end product working (EPW) where each product is separately priced).
b) Volume Sale for un-felled timber by instalment payment by m^3 OBS/OBF.
c) Volume Sale of un-felled timber by a volume outturn per hectare OBS/OBF.

12. Retained Products and Buy-Back Agreements

Aim:

We may, with agreement from purchasers, retain and market some high value specialist products from appropriate sales in order to service existing markets, and to encourage new and emerging enterprises.

We will update contract documentation to formalise the current practice of marketing harvesting residues.

To achieve this:

- Sales schedules will be checked to identify opportunities for retained products, which may be sold independently, as required.
- New contracts including sales of residues will be available during the early Framework period.

13. Disease Control and Windthrow

Aim:

We will maximise recovery of and minimise the financial loss from diseased or damaged crops.

To achieve this:

- We will act quickly to identify, market (via LTCs or spot sales) and fell diseased trees or areas of windblow and windsnap, prioritising statutory plant health notice (SPHN) compliance and the minimising timber degradation.
- We are also working on strategies to reduce risk from a changing climate particularly with regards to tree pests and diseases.

14. Sale Standards

Aim:

We will provide to customers a high-quality, consistent service, and will work to improve quality assurance in our marketing & sales service.

To achieve this:

- We will only market sites that have Land Management Plan approvals in place at the time of sale and will supply additional information on the tariffing method and roading with the sales particulars. Timber may be sold through felling licences in exceptional circumstances.
- Our Marketing & Sales team will selectively make additional quality assurance checks on standing sales parcels prior to sale, as well as additional checks and reviews where outturn is > +/- 20% of sale volume.

15. Contract Management and Contract Performance

Aim:

FLS will provide due diligence throughout the life of the contract to ensure the terms and conditions are met and all customers receive fair treatment from advertisement to completion of a sale.

To achieve this:

- We will undertake monthly monitoring and management of all open market and LTC contracts against a list of criteria.
- All LTCs will be awarded according to an objective process, including an appeals process, and will be evaluated annually against the original bid.

16. Timber Security and Accountability

Aim:

We will reduce the risk of theft and ensure lower administration errors by introducing paperless transactions and proactively monitor contracts to ensure compliance.

To achieve this:

- The national Marketing & Sales team will advise on risk factors, monitor vehicle check frequency and provide data, reports and other evidence to support local managers.

17. Roadside Stock and Work in Progress

Customers will be advised of roadside stock levels via a weekly email that will detail products by contract, type and quantity, enquiries regarding stock quantities and contract progress should be communicated to the national Marketing & Sales team.

18. Trading Terms and Credit Agreements

Aim:

We will accommodate a wide variety of customers needs trading at various levels of quantity and value.

To achieve this:

- We will encourage new customers to register and trade with us and may offer credit facilities (reviewable annually) to new customers once they have built up a successful trading history.

19. Customer Relationship Management

Aim:

We will work in partnership with our customers to secure best value. We will encourage continuous investment and innovation in the forestry sector and promote ongoing high-quality, value-added services in the provision of timber from the land that we manage.

We will seek to achieve an optimal balance between short term open market sales and medium duration or long term sales contracts in consultation with our customers.

To achieve this:

- In order to provide better customer service we will continue to invest in our online sales and data services, including marketing reports and sale notifications, offer a range of sale opportunities to meet customer needs and capabilities and, where feasible, arrange consignment stock close to customer premises to maintain supplies during challenging winter conditions.

20. Customer Charter and Communications

Aim:

We will continue to improve communications with our customers and will consult on and produce detailed marketing proposals including a revised Customer Charter specifying new customer service levels. It will include a revised dispute resolution procedure.

We will initiate advanced training/research programmes, test new silvicultural techniques, improve safety and efficiency, and will offer additional support for innovation, higher performance standards or better future value.

We will expand fuelwood sales both to attain best value and to encourage the development of small and medium enterprises (SME).

To achieve this:

- We will organise annual customer liaison days where we will present market information and progress reports, as well as invite discussion on ways to improve how we do business
- We will continue to feed into national sales statistics and provide market, pricing and post-sale reports to support customer decision making.

21. Reducing the Impact of Timber Haulage

Aim:

We will support and encourage the use of efficient timber haulage methods that reduce impacts on both the FLS and public road network, the environment and on communities. The use of innovative transport solutions (such as shipping and rail) will be encouraged wherever possible.

To achieve this:

- As well as encouraging the use of low ground pressure systems, telematics and overhead wire protection technology, we will support the improvement and development of low-impact timber haulage through the Strategic Timber Transport Forum, the Scottish Timber Transport Scheme, local timber transport groups and the FISA Haulage Working Group.

22. Managing Change and Promoting Innovation

Aim:

The Timber Marketing Framework will require flexibility to handle changes in the harvesting programme e.g. planning issues, disease management, windblow and other natural processes that may affect forest management decision making.

We understand our customers need time to make the right purchasing decisions and respond effectively to market change. We aim to give information as far in advance as possible to aid these purchasing decisions. Changes will be communicated promptly on the E Sales platform.

To achieve this:

- We will provide accurate forecast information, keep trade bodies advised of changing trends on a rolling basis, and will provide information to assist long term investment decisions.
- We will continue to include provision for substitution of species in LTCs and will encourage innovative management systems in contract awards.

23. Timber Availability 2021-2030

Combining the regularly updated forest information in our 'sub-compartment database' with details of stand management plans enables us to derive the estimates for future standing volume and timber availability.

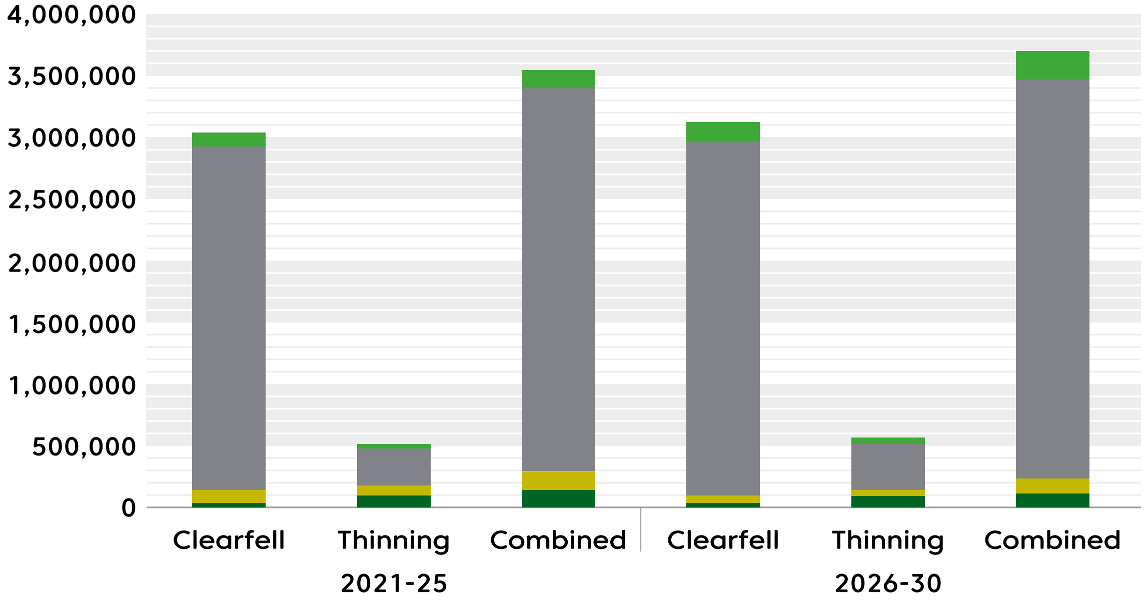
Currently, we anticipate our annual programme will sustain timber availability (over the next 25 years) at around 3.2 million m^3 OBS annually.

The following table and charts show the product and sales assortments that are predicted to be available for the period of this Marketing framework.

			Assortment										
			Mainstream					Oversize					Overall
Annual average volume (m3 obs)			7-14cm	14-16cm	16-40cm	40-50cm	Total	50-60cm	60-80cm	80-100cm	100+cm	Total	
	2021-25	Clearfell	36,100	103,000	2,795,200	114,900	3,049,100	19,200	7,300	800	300	27,600	3,077,000
		Thinning	95,500	66,900	314,600	32,100	509,100	8,200	3,500	400	100	12,100	521,000
		Combined	**131,600**	**169,900**	**3,109,800**	**147,000**	**3,558,200**	**27,400**	**10,800**	**1,200**	**400**	**39,700**	**3,598,000**
	2026-30	Clearfell	21,300	67,900	2,883,700	161,800	3,134,600	52,300	16,100	2,700	500	71,600	3,206,000
		Thinning	82,700	52,100	377,000	52,100	563,900	17,200	7,500	1,200	200	26,100	590,000
		Combined	**104,000**	**120,000**	**3,260,700**	**213,900**	**3,698,500**	**69,500**	**23,600**	**3,900**	**700**	**97,700**	**3,796,000**

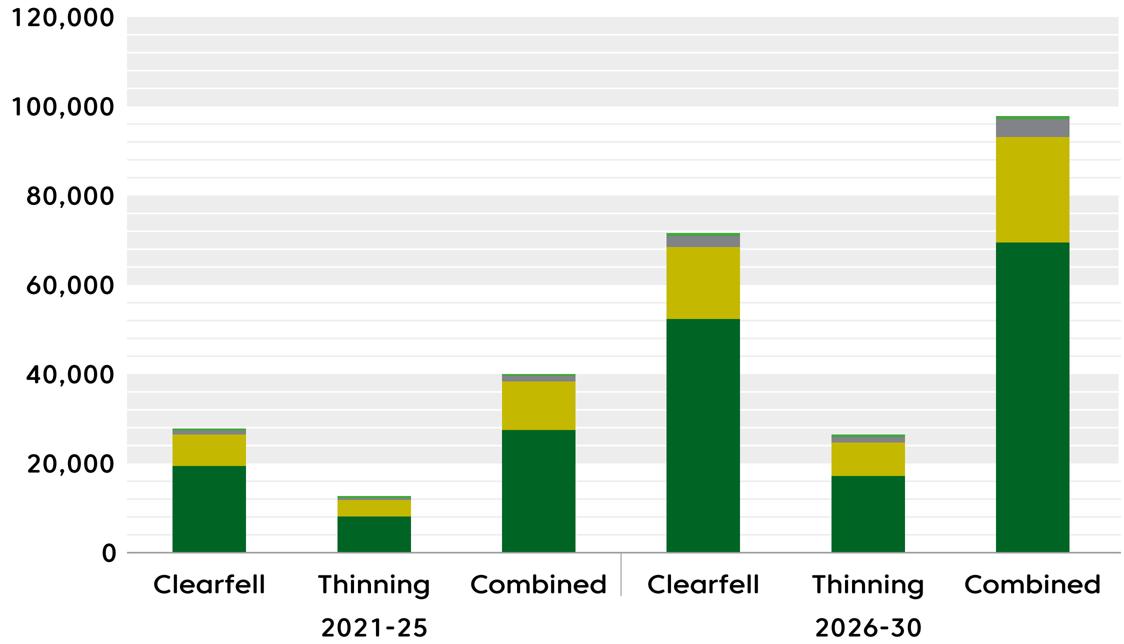
Mainstream assortments

Key: 7-14 cm 14-16 cm 16-40 cm 40-50 cm



Oversize assortments

Key: 50-60 cm 60-80 cm 80-100 cm 100+ cm



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