

Seeing the worth for the trees

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England's forests are worth much more than their financial asset value, as natural capital accounting demonstrates

Our aim at [Forest Enterprise England](#) (FE) is to encourage as many people as possible to enjoy visiting our public forest estate, while also ensuring we manage it to the highest environmental standards and harvest timber for the UK processing industry.

There's no doubt that FE provides a valuable service, but, like much of the public sector, this is an intangible benefit with a tangible cost. Reassuringly, this is a modest 45p per adult per annum because FE covers most of its costs through selling timber and income from recreational services, with an annual turnover of ?90m.

However, FE still needs to justify the small amount of public funding it gets, and even more importantly, has to ensure that its custodianship leaves the public forests in a better shape than when it inherited them. This is quite tricky ? how can you compare the value of a red squirrel reserve with the health and well-being benefits of a mountain biking trail? Natural capital accounting (NCA) can help us do so.

What is NCA?

NCA is about reaching a total valuation of all the benefits society gets from our land, such as visits from the public, the amount of biodiversity protected, carbon absorbed by our trees, flood water stored and slowly released, air quality improvements and many more. NCA suggests that we can add all these values up and more easily compare how we're doing over time ? both in total and in each of the different areas where we provide benefits.

The difference between NCA and previous ecosystem service approaches to valuation is that the former identifies an asset value; that is, it looks at the benefits generated, subtracts the costs of generating those and then totals that value in perpetuity to create a net asset value.

Essentially this keeps you honest: you can't steal our children's natural capital to benefit today's generation, because if you do the net natural capital asset value will fall to reflect the future reduction in ecosystem benefits. If the total natural capital asset value changes then we can use that to ask ourselves questions about our land management and how that is affecting the figure, and then make better decisions.

In 2015/16, FE decided that there is value in producing a natural capital account for the whole organisation, and has done so every year since: the most recent of these accounts, for 2017/18, is [available online](#).



Figure 1: Visits from members of the public, such as this photographer in the Forest of Dean, make up an important part of forests? value

What we have learned

As an organisation that is concerned with public benefit, FE feels positive about having a total natural capital asset value to compare with the total asset value produced by financial accounting. Yes, we knew it was bound to be a bigger figure, but just how much bigger was a surprise: our natural capital asset value in 2017/18 is ?23bn, compared to a ?2bn financial accounting asset value. This is staggering, particularly given that the account is as yet incomplete.

We have also learned about the value of repetition. It's complicated doing an NCA, because both the concept and the way you get to the data need fearsome levels of thought and interrogation. We might not repeat the process every year, but in the first few we've made incremental improvements and embedded the data collection as routine for teams. Every year so far we have picked up several procedures or technical issues that need updating or amending; we are sure this will continue.

Public access to the estate has proved to be a highly significant part of the total asset value: at the moment this is calculated at ?14bn. Valuing recreational visits in this way puts into context the cost?benefit ratio of providing access to public woodland adjacent to population centres. It boosts the evidence base available for continuing or expanding such provision, despite the comparatively high cost in terms of both capital value and management burden.

There is great value in the detail as well. The basis of the NCA is a register of natural capital

assets, and while most of this doesn't feed into the net sterling natural capital asset value, it lists data such as the number of hectares of different types of designated land we manage. We've always had some of this information tucked away in our databases, but it's the first time it has been gathered and published annually in an easily comparable way.

Importantly, we've added a traffic light rating and arrows to the asset register to make it easier to identify areas that need more management attention. This also shows the impact of our policies; the increase in open-space habitats to encourage biodiversity, for example. And, as trends emerge, the detail in this asset register will enable good questions to be asked of the FE leadership team ? not least whether there are other data sets, such as indicator species audits, that we should be measuring and listing to understand our natural capital impact.

Starting work on the NCA has highlighted the importance to some of our other evidence-gathering. For example, assessing the number of visitors and how many visits they make to our woods has always been a thorny question; we'd already begun a new, consistent way of surveying it but not everyone was convinced it was worthwhile. Needing this data for the NCA gave it additional impetus internally, and reinforced the need to agree a methodology for our published visitor numbers.

Creating the account has identified the gaps in our understanding of how much benefit we provide. This is helping FE encourage and support those researching the areas where we are enthusiastic about adding new types of value. For example, we hope that in the next year we may be able to add more values for flood mitigation, water quality and air quality.

NCA is an ideal tool for an environmental organisation wanting to assess whether it's doing a good job across a wide range of outcomes. Like all tools it needs careful handling and the right inputs, but NCA allows FE to generate an overall value of the outcomes the public forest estate provides, for the first time. And that, like the natural environment we care for, is priceless.

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Further information

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