

Supply chain update

9 APRIL 2021

Forestry is thriving across the UK, with markets for wood and interest in tree planting at record levels which are reported to have a high likelihood of being sustained. However, shortage of tree planters, harvesting and haulage capacity, restrictive new woodland creation guidance on ecological surveys and ground preparation, and nursery stock, risk blocking future expansion of the industry unless they can be addressed.

Nurseries

After earlier concerns about cancellations and delays, this has been a successful season with almost all nursery stock being sold. It raises questions about whether nursery supply will be available in future years, and particularly whether big national tree-planting initiatives will, in reality, provide additionality, or will merely divert plants from other schemes, or re-brand schemes that would have been planted anywhere. Organisers of these major tree-planting initiatives might give consideration to launching their 'forests' with seed in the nursery. This would enable trees to be contract-grown, would enable forests to be 'launched' quickly rather than with a two-year lead-in for growing nursery stock, and would provide a new and better story of the establishment of a forest, rather than the current artificial focus on transplanting.

Nurseries are potentially exposed to future unavailability of migrant labour. The key mitigation is technological innovation such as tree tape or sheets which replace lining out. These could also resolve the issue of weed suppression following the withdrawal of Basamid, although the effectiveness of this is not yet proven. It also offers the opportunity for the nursery sector to promote itself as an attractive long-term employment opportunity for UK based workers wishing to work in a rural environment.

Planting and establishment

Confor is concerned by restrictive new guidance impacting on afforestation which has been introduced without proper consultation or scientific basis: in England, requirements for multiple surveys for ground nesting birds, and in Scotland, ground preparation requirements on organic soils.

Planting is progressing well after the delays of the winter. Recruitment may become a bigger problem in future years; the current challenge is getting people PA1 certificates so they can plant treated trees and undertake weevil spraying;

there are also some planters who are unwilling to plant treated trees. Contractors have tried to recruit UK workers but with little success. It would be easier if work can be structured to be year-round employed jobs rather than seasonal piece-work. FLS are issuing a Prior Information Notice on how they might better frame the next round of tenders for planting.

Welfare units are extremely difficult to price due to the large number of uncertain variables in the operations and contract periods. Until welfare arrangements settle down and become standardised, some planting contractors have reported they are likely to cost them on an open book basis.

Management

Recruiting and training sufficient foresters is also an ongoing challenge, but probably easier than in the contracting sectors.

Credit insurance has been affected by Covid. A number of insurers moved to the government-backed scheme which has been extended at the last minute to the end of June. This could affect a number of businesses.

Confor is preparing a response to the UKWAS consultation. A draft will be circulated in due course; if you have key points to feed in immediately, please contact Richard Hunter, richard.hunter@confor.org.uk.

Harvesting and processing

Record prices and high demand for softwood has stabilised slightly as more wood has come to market which had been slow to happen especially in Wales. However, prices and demand remain high and indications are that they will do for some time, influenced by record prices in the USA.

Palletwood is also high to maintain market share. SRW is in oversupply in the north. Firewood was good over winter but will likely soften with a lot more ash dieback felling. Markets for oak and other hardwood are very poor.

Panel Board is enjoying both strong demand and ready supply of chipwood. Construction has been active in the last quarter and demand is likely to continue as people will be staying in the UK over the summer and doing home retrofits.

The main constraint reported on timber deliveries is haulage capacity in north and west Scotland. There is also concern in Wales that ash dieback felling will soon divert significant harvesting capacity.

Around the UK

Scotland

- Scottish Forestry are now accepting applications for the Forestry Grant Scheme again.
- NatureScot have just published a draft consultation paper on their licensing arrangements for mountain hares, and are also consulting on badger licensing. Meanwhile we are pushing for revision of Guidance Note 33 on Red squirrel, in favour of the good practice model of FLS's license.
- Government have published a response to the deer working group [here](#). They are removing the closed season on stags, but not extend hinds into March which would have been helpful. Confor will not support the campaign for a target deer population: we should be concentrating on damage and impact, not numbers.
- We are following up concerns about Basic Payment Scheme eligibility for woodland owners.
- We are working to amend the SF requirements on stocking density of native broadleaves, and asking for an increase in standard costs given the increase in fencing prices, although that review is likely to fall victim to lack of capacity.
- [The Confor Scotland Manifesto](#) was launched at a successful hustings with all parties saying they supported the concept.
- IR35 payroll requirements are now law [here](#).
- The Confor South Scotland region is seeking a new chair, as Colin Kennedy is stepping down after 15 years.
- We met with SSEN looking at their long lead-in times for outages. These are likely to stay because of lack of workers sufficiently trained to work in the red and amber zones, but they will look at improving processes. Confor members should look at what wayleaves they have on their land as SSEN are looking at enforcing them.

Wales

- Improved conifers in Wales are now regularly thinned at 10-12 years, growing at Yield Classes of 34-42. A real opportunity to supply future timber will be missed unless forestry policy can facilitate new planting of high-yielding forests on better soil such as bracken land.
- There are reports from NRW Staff that funding for restocking is being reduced for 2022 despite what is expected to be record timber sales income. The current strategy is heading for reduced production in future in the face of growing wood demand. Confor is meeting with them next week and will address this.
- NRW are providing opportunity to raise concerns about timber harvesting and ops in a public forum. Confor are collating members' issues. This will provide an opportunity to help NRW achieve the same standard of professionalism they expect from the sector.