Business Plan 2023

The role of Confor

Confor's Purpose

Confor is a members' organisation that represents, supports and promotes the sustainable forestry and wood products industry.

Confor's Vision

To be the voice for the sustainable forestry and wood products industry.

We will achieve this by working on behalf of members and the wider sustainable forestry and wood products industry to:

- help build the market for wood products and forest services;
- create a supportive policy environment for sustainable forestry and wood-using businesses;
- work with partners to tackle important sectoral issues;
- provide high quality, valued member services.

1. Summary of Actions (from Section 3) with indicative timings and, as appropriate, external funding

Increased use of home-grown wood in construction

Action: Confor will work with member sawmills to develop and deliver an effective programme of work to increase the use of home-grown graded C16 sawnwood in new build construction in the UK. Aim to develop the proposition in Q1, but timing depends on input from members.

Action: Confor will facilitate the development of a National Wood Strategy in England and through country ILGs in Scotland, England and Wales will lead the development of strategies and initiatives to increase the use of wood in construction. Once developed, Confor will seek to drive delivery. Aim to publish the NWS by Q2, but exact timing depends on Defra.

Securing future wood supply for further investment

Action: Confor will work with Friends of the Earth to explore establishing a partnership across sectors to develop a plan that can be presented to the UK government to drive greater planting as part of increased ambition on planting targets in England. Aim to explore the proposition with the Minister in Q1.

Action: When there is a model in place that enables Confor to calculate what planting is required to achieve a future level of supply, Confor will ask governments to work with it to agree a level of future wood availability to 2050 (and beyond), and from there establish an agreed plan for achieving that level of planting. Aim to present these to Ministers in Q2.

Action: As well as continuing to engage with the forestry agencies on improving the operation of country grant schemes, Confor will develop, on a pilot basis in southern Scotland, the following series of actions:

- Seek to facilitate discussions between a working group of members and people from communities and groups to establish if an agreed engagement process can be developed and shared with regulators. Aiming for H1, partner funding will be sought from Scottish Forestry.
- Finalise the development of a training programme for those professionals who lead on stakeholder engagement and roll that out across the UK in the coming 12-18 months. Aiming for H2, partner funding will be sought from Scottish Forestry.
- Work with members to establish how greater or additional benefits for communities can be provided through 'larger' new planting projects, being mindful to manage expectations and focus on what is reasonable. Aiming for H1.

Action: Confor will utilise the England National Wood Strategy to identify and drive action there and inform work in the other countries on quality hardwoods. Aiming for H2 and beyond.

Building further political support for the industry

Action: Confor will continue to identify opportunities to promote the industry's interests in political circles and seek to facilitate complementary member activity by providing appropriate tools and information for members to engage at all levels. Aim to have tools and information available by Q3, material to be provide in part by external consultants.

Developing a workforce for the future

Action: Confor will co-ordinate work to establish a National Forestry Technical Training Service. A target date for delivery will be agreed with partners, further co-funding will be sought from public sector partners.

Action: Confor will engage with public sector and other relevant bodies to identify, influence and, where appropriate, develop and deliver short-term wins like career changers – armed forces and running 'taster days' for forest machinery. This work is ongoing, further co-funding will be sought from public sector partners.

Action: Confor will engage (and lead where required) proactively with Industry Skills Group to develop relevant Skills/Recruitment Action plans, leading on delivery where most impactful. Target dates for delivery will be agreed with partners.

Action: Confor will develop and support activities that will result in a pipeline of recruits through working in and with schools and universities/colleges, making use of an increased network of STEM Ambassadors. Aiming for H2 and beyond.

Changing attitudes

Action: Confor will review the 2022 campaign targeting Tier 1 media with the Task and Finish Group and present lessons learnt and proposed future action to the Board. Aim to present to the Board in Q1.

Action: Confor is developing a hub of information for use by members, with a briefer version available to the general public, and will liaise with members on coordinated and increased communication based on key messages. Aim for launch of basic site in Q1 and then develop further with members.

Evidence on planting and provision of benefits for communities and the farming sector

Action: Confor will seek to commission and present evidence on the impact of planting on local jobs and how that can be enhanced. In Wales, Confor will develop case studies on the integration of forestry into farming. Aiming for H1 for the evidence on local jobs, work funded through project income.

Action: Confor will work with members to identify and share information on biodiversity monitoring in newly planted productive woodland, and potentially the sharing of biodiversity good practice case studies on the website. Aim to publish in Q2/Q3.

Action: Confor will work with members in Scotland to develop a position on responsible investment in the context of land reform, and link to the work in 4c on benefits for local communities. The timetable will be determined by Scottish Government.

Evidence on resilience

Action: As a first step, Confor will approach the forestry agencies in each country to discuss where they stand currently on the issue of resilience and what plans they have in place to take the issue forward. Aim to get a response in Q3.

A vision for the industry

Action: Confor will develop a proposal for the Advisory Board to consider why the industry needs a vision and how successful delivery could provide benefit in each country. Aim to present this to Board in Q2.

Investing in a strong Confor that delivers for members

Action: We will explore opportunities to improve and where appropriate expand our member services and benefits. Aiming for H2.

2. Overview of the current position of the industry

2.1 Introduction

The forestry and wood processing industry is a success story – it has grown rapidly since the 1980s as the availability of wood has increased, and almost uniquely it simultaneously delivers both economic and environmental benefit.

A huge wave of investment (hundreds of millions of pounds) has taken place from the 1980s to the present day, creating a diverse mix of wood processing facilities serviced by professionally trained foresters, highly skilled operators of machines costing hundreds of thousands of pounds and many more businesses along the supply chain.

Investment has begun to flow into research and innovation, and there is potential for a step-change in tree breeding, in new forestry practices, the provision of data, new wood products and much more. All of which has the potential to unlock another big wave of investment and growth – if the business confidence is there.

As a relatively small sector, the industry cannot expect to command automatic support from government and if it is to capture attention, support and resourcing then it must set out how it will provide a range of important societal benefits.

The primary means for delivering benefit will be through the creation of new woodland, the management and harvesting of existing forests and the increased provision of timber for a variety of uses. From this, the sector can contribute to tackling climate change and deliver low-carbon economic growth and high-quality rural jobs, alongside providing places for wildlife and for people.

Confor, with its unique position encompassing the supply chain and operating across the four countries of the UK, is well placed to coordinate the joined-up action and partnerships required to secure future growth.

2.2 Future wood supply and confidence

Past industry growth has tracked the rapid, increased availability of wood. Future growth will rely more on added value, the formation of 'ancillary' businesses that provide services into the industry (eg eDNA mapping, remote sensing and manipulation of data, and drone technology) and getting more out of the existing forest resource. Increased levels of new productive planting will continue to be important, but for the foreseeable future that benefit will be felt in avoiding a future falling away of supply rather than driving increased, and increasing, future wood supply – though that should be the sector's aim looking towards the second half of the century.

Levels of new planting are below target and loss of productive woodland continues. While political support for significant increases is strong across the countries, and now includes the planting of productive forest in England, a key unknown is how the interplay between grants, standards, and investment from carbon trading (and potentially natural capital) will impact on the types of forest being planted. The current rules are likely to produce an odd situation where tree planting that has the greatest carbon benefit, and which also supports rural, low carbon economic growth, will be relatively disadvantaged because it is financially attractive. Looking ahead, it is likely that governments will seek to bolster public funds for tree planting with private capital and industry needs to ensure that the evolving, more complex financing environment for planting and, to a lesser extent restocking, doesn't undermine future wood supply and investment confidence.

2.3 Industry reputation is key

As the industry has grown, the visible impact of the sector on rural people's lives is becoming more significant, especially the advent of much increased tree planting. This increased, mainly localised, awareness combined with the sector's increasing impact on biodiversity and on farming means the sector is coming under greater media and political scrutiny. While the industry sees the benefits it can bring to society and the environment, others still question its practices and its motivations.

Increased planting has taken place earlier in Scotland than elsewhere and the visibility of forestry operations is significant in many rural areas (as it is in parts of England and Wales). This, combined with the greater relative significance of the industry north of the border, has produced both challenges to, and opportunities for, industry. Confor has navigated this environment by building cross-party political support for the industry and being active in the media. As Scotland now seeks to drive up and maintain even higher levels of planting some of the same issues are arising, though with a stronger 'local' or 'community' dimension that resonates with the views of the governing and opposition Labour parties. Further activity is required to protect and promote the industry's reputation, and lessons learnt shared and adapted across the UK. If the industry's reputation suffers so will its political influence and future success.

2.4 Building market share in construction

Increasing awareness and understanding of the benefits of greater use of home-grown wood is a vital ingredient in future success. Wood will help achieve net zero, low carbon economic growth, but that requires tackling the fundamental issue of future wood supply and developing its use in the key market of house-building and wider construction. As global demand for wood soars and supply fails to keep up, securing the UK's needs from more domestic production instead of just ever-increasing imports is an immediate challenge that if it isn't tackled will leave a damaging legacy for the next generation and for the fragile biodiversity of forests overseas.

2.5 Establishing a new relationship with governments?

The sector operates in an environment of significant governmental control and influence from the licencing of woodland establishment and timber harvesting to the standard for managing forests (UKFS) and the fast-growing market for carbon trading, 'regulated' by the Woodland Carbon Code.

In the past, industry looked to government to protect and promote its interests and government used its regulatory powers, grant levers and political access to do that. Post-devolution there are now governments with varying levels of interest in, and attitudes towards the industry, and they work with a wide range of stakeholders to promote a range of environmental and social, as well as economic, aims.

The nature and degree of support for the industry by governments across the UK will play a key role in the sector's future success. For industry, this should not simply be about fighting for greater influence relative to other interest groups, but about seeking a new, modern partnership with governments, and seeking to work with others, like NGOs, to deliver sustainable growth in the sector.

Traditionally, governments have looked to country forestry regulators to develop 'solutions' to arising challenges. Sometimes these are hastily drawn and implemented. and often they narrow the parameters in which industry operates.

An alternative approach would be for government to challenge industry to develop solutions in pursuit of shared policy objectives. Analysis and proposed action would be informed by evidence, and less by the desire to find a mid-point between different stakeholder voices. Such a partnership approach would require resourcing by the industry to ensure it has the capacity to develop and propose solutions, and potentially to commission the preparation of evidence. And solutions would have to be genuine attempts at providing workable solutions, not just industry's wishes.

2.6 The components for future success

The sector has strong alignment with governments' objectives, including net zero, economic growth, rural jobs, high quality and low carbon homes, energy, flooding and more. The potential for greater productivity and added value is clearly there, the challenge will be to accelerate activity. This business plan identifies the key challenges to unlocking growth and the greater provision of societal benefit, with future wood/fibre supply as a fundamental underpinning for success.

In doing so it recognises the following main components for success:

- building constructive and positive relationships with governments, conservation and environmental groups and the farming sector
- tackling key challenges of wood supply, new recruits/skills, productivity and competitiveness, carbon reduction and circularity
- providing information that media, communities, etc, can access to gain insight into the industry and act as a basis for constructive dialogue
- mapping an agreed way forward that will unlock investment and provide the means of achieving a positive vision for the industry that will align with net zero.

The forestry and wood using sector offers a unique proposition of greater economic growth and greater environmental benefit, we want and need to accelerate that contribution.

3. Key issues for Confor to help support the industry

3a. Increased use of home-grown wood in construction

As we enter 2023, the sector is experiencing relatively weak markets (outside of energy), and timber and log prices are under pressure. However, looking long-term the future for the industry is highly promising. In addition to its 'net zero' strengths, timber is the most sustainable building and manufacturing material, highly suited to a circular economy.

There is concern that graded home-grown timber is consistently losing market share, which puts pressure on carcassing sawmills to focus more on selling into the pallet and fencing markets, where there is limited scope for further growth. A loss of market share would have ramifications back up the supply chain and work against the desire from policy makers and politicians to see more timber going into construction as part of achieving net zero. Successful action to grow the use of home-grown, C16 graded timber would deliver real benefits for industry, and for government.

Governments in Scotland and England are keen to support greater use of home-grown wood more generally. In Scotland this work is being led by its country Industry Leadership Group (ILG), while in England Defra has established a Timber in Construction Policy Roadmap working group that includes Confor. Confor is also leading on the drafting of a National Wood Strategy for England in collaboration with industry leaders and representation from Defra, Forestry Commission and Forestry England – this will seek to recognise the regional differences there are across England. In Wales, the Government wants to increase the use of Welsh wood in Welsh homes and is working with a group of organisations including Confor.

Action: Confor will work with member sawmills to develop and deliver an effective programme of work to increase the use of home-grown graded C16 sawnwood in new build construction in the UK.

Action: Confor will facilitate the development of a National Wood Strategy in England and through country ILGs in Scotland, England and Wales will lead the development of strategies and initiatives to increase the use of wood in construction. Once developed, Confor will seek to drive delivery.

3b. Securing future wood supply for further investment

The biggest single challenge to further investment and growth in the industry continues to be securing future wood fibre supply. This will primarily be softwood but includes establishing and managing hardwoods. Confor has calculated that if wood consumption in the UK grows at the same rate it has over the last ten years it will increase by a further 78% by 2050 at a time when global demand is accelerating ahead of supply. The construction sector, in particular housing, currently provides the greatest established market opportunity for volume growth and it is the use of wood that provides greatest carbon benefit. Growth opportunities also exist from new uses of wood fibre in a bioeconomy. Confor has commissioned work to develop a model that will enable us to establish what level of new planting would be required, regionally, to secure different scenarios for the sustainable growth of future softwood fibre supply.

It is hoped that the England National Wood Strategy will provide the medium for securing increased understanding that a lack of broadleaf management is a key barrier for growing quality hardwoods, including the issues of grey squirrel eradication and deer control.

Tree planting requires to be financed and the larger projects needed for productive planting require planting approval and often provoke the greatest stakeholder concern. In England there is still uncertainty about where planting grants will sit and the interplay with agriculture support (and where post-2024 funding will come from), while in Scotland there is a political desire to promote greater species diversity in forests, community engagement and benefit, and engage farmers more. In Wales, we have seen negative publicity focusing on impacts on communities and the farming sector.

Any future increase in home grown wood supply needs the plants and seeds to provide this, requiring joined-up activity with nurseries.

Our past co-operation with Friends of the Earth has now prompted them to propose working with us on what they refer to as a 'sector deal' in England. This would involve FoE, potentially other NGOs, Confor and farming interests like the FFCC and Soil Association working together to lobby the UK government for even greater ambition (and delivery) in planting, including productive, with farmers taking a leading role. If this activity looks promising it would be worth considering whether we could work with FoE and country equivalents or 'arms' of the farming groups and NGOs in the other countries.

As well as new planting the nature of restocking taking place will have a significant impact on future supply. The most recent production forecast assumes a certain level of productive conifer restock that may in practice be unrealistic. There is a real need for accurate information.

Action: Confor will work with Friends of the Earth to explore establishing a partnership across sectors to develop a plan that can be presented to the UK government to drive greater planting as part of increased ambition on planting targets in England.

Action: When there is a model in place that enables Confor to calculate what planting is required to achieve a future level of supply, Confor will ask governments to work with it to agree a level of future wood availability to 2050 (and beyond), and from there establish an agreed plan for achieving that level of planting. *Note: this could incorporate Short Rotation Forestry and potentially accessing more of the existing fibre resource.*

Action: As well as continuing to engage with the forestry agencies on improving the operation of country grant schemes, Confor will develop, on a pilot basis in southern Scotland, the following series of actions:

- Seek to facilitate discussions between a working group of members and people from communities and groups to establish if an agreed engagement process can be developed and shared with regulators.
- Finalise the development of a training programme for those professionals who lead on stakeholder engagement and roll that out across the UK in the coming 12-18 months.
- Work with members to establish how greater or additional benefits for communities can be provided through 'larger' new planting projects, being mindful to manage expectations and focus on what is reasonable.

Action: Confor will utilise the England National Wood Strategy to identify and drive action there and inform work in the other countries on quality hardwoods.

3c. Building further political support for the industry

The political situation in Westminster has been unstable, but it is hoped that the new forestry minister can provide the impetus for inclusive policy delivery that takes advantage of the continuing high-profile of tree planting and the need to grow the green economy while maintaining progress towards net zero. Labour has a strong lead in the UK polls and could form a new government in the next two years, while Scotland and Wales show signs of political stability in the short term. At the time of writing, matters are still unclear in Northern Ireland.

Scotland is still performing strongly on new productive planting with cross-party support recently confirmed through a motion at Holyrood in November 2022. Wales is taking steps towards increasing activity backed by the current minister, and Northern Ireland has taken a big step forward in the area being planted, though little is productive. England has the potential and the resources if they can be aligned with political support and more decisive action on the ground. Confor has acted to widen and strengthen relationships with politicians in key constituencies as part of its influencing activity and this would benefit from being continued, alongside greater engagement with Labour.

This area is developed further in the *Public Affairs* section of the Business Plan at section 7.

Action: Confor will continue to identify opportunities to promote the industry's interests in political circles and seek to facilitate complementary member activity by providing appropriate tools and information for members to engage at all levels.

3d. Developing a workforce for the future

A major and growing concern is developing a workforce for the future encompassing all points in the supply chain, alongside training to drive up productivity and worker safety. There are few quick fix options and an important need to develop the infrastructure to create a pipeline of future recruits. A number of activities have been kicked off in 2022 and these will be built on and developed further.

Coincidentally, part of the concern raised by communities who speak up about new planting projects is the perceived negative impact on local jobs. They see young trees displacing old farmers and point to a potential reduction in related local farming activity from vets to slaughterhouses. There is a potential positive overlap between actions to secure future recruits to the industry and responding to local employment concerns, for example by supporting new apprenticeships and specifying local contractors.

Action: Co-ordinate work to establish a National Forestry Technical Training Service.

Action: Confor will engage with public sector and other relevant bodies to identify, influence and, where appropriate, develop and deliver short-term wins like career changers – armed forces and running ‘taster days’ for forest machinery.

Action: Confor will engage (and lead where required) proactively with Industry Skills Group to develop relevant Skills/Recruitment Action plans, leading on delivery where most impactful.

Action: Confor will develop and support activities that will result in a pipeline of recruits through working in and with schools and universities/colleges, making use of an increased network of STEM Ambassadors

3e. Changing attitudes

There is still a need to tackle commonly held misconceptions about productive forestry and conifers which continue to handicap the sector when it comes to new planting and restocking. Negative media can also promote changes that disincentivise investment in productive tree planting, for example recent changes to the Woodland Carbon Code, or drive investors towards only considering the planting of broadleaves that will likely never produce quality timber. These misconceptions are also often picked up and repeated by politicians.

Negative attitudes towards 'the industry' also create problems when it comes to harvesting and timber transport, though the Timber Transport Forum has done a good job in tackling the latter point.

In 2022 Confor engaged with an external consultant to deliver a 'Changing Attitudes' campaign targeted at 'Tier 1' media. Following success in Q1 it proved difficult to maintain high-level coverage for subsequent activity. The initial lessons learnt from that exercise point towards taking a different approach from 2023 onwards, focusing on the areas of the UK where there are, or are likely to be, tensions and to give members the resources to explain what we are doing and why. Improving these interactions should help with strengthening the reputation of the industry.

General media engagement, including social media, will continue. With a Comms person now on the team Confor is considering an in-house approach focusing on 3-4 major stories a year, alongside facilitating and encouraging members to be active. Engagement of, and visibility with, companies should also aid with member retention.

Scotland's Finest Wood Awards provide an opportunity to showcase good practice in the industry and over the last three years Confor has sponsored a woodland and biodiversity award as part of the RSPB's Nature of Scotland Awards, though we won't in 2023 as interest in it has dropped in its current format. There may be scope for celebrating success/best practice within the industry and using that as one means to promote ourselves. This is something we will consider in 2023 and bring ideas to the Board.

Action: Confor will review the 2022 campaign targeting Tier 1 media with the Task and Finish Group and present lessons learnt and proposed future action to the Board.

Action: Confor is developing a hub of information for use by members, with a briefer version available to the general public, and will liaise with members on coordinated and increased communication based on key messages.

3f. Evidence on planting and provision of benefits for communities and the farming sector

Good evidence is key for both presenting accurate information about the industry as well as informing and influencing policy development and delivery. The challenge is how best to utilise the resources available to Confor.

A current key issue is the economic and employment impact of new planting on local communities and the farming sector. In Wales and Scotland, the sector faces accusations from farming and some local communities that new planting is destroying local jobs, and in Wales it is cast as undermining the fabric of rural communities. There is also a strong sense that the economic/financial benefit from new productive planting will be realised somewhere else, often by caricatures of wealthy individuals. In terms of local jobs some companies are proactively seeking to employ local people/firms on new planting projects.

It can be expected that this issue will arise in England if planting does increase substantially, though here the biodiversity issue may be more influential. Confor has partly addressed the issue of biodiversity in productive forests through its *Biodiversity, forestry and wood* report.

However, the impact of this is limited by the fact it is not seen as independent, and some of the forestry that is assessed is still in transition from pre-UKFS standards of design and management. One future option would be to work with members who are developing new baseline information on biodiversity in their recently planted woodlands as this would provide up-to-date examples (much of that work is being undertaken by third parties so will hopefully be seen as more independent).

It is likely that in parts of the UK there will be an increased reliance on private investment to help achieve planting targets. This is recognised in Scotland, where it rubs up against the issue of land reform and community ownership. The Scottish government is seeking to develop rules on "responsible investment". There is also a political desire generally to empower communities, and discussion of 'community benefit' is becoming more significant. There is much to be gained from the industry getting on the front foot on these issues.

Action: Confor will seek to commission and present evidence on the impact of planting on local jobs and how that can be enhanced. In Wales, Confor will develop case studies on the integration of forestry into farming.

Action: Confor will work with members to identify and share information on biodiversity monitoring in newly planted productive woodland, and potentially the sharing of biodiversity good practice case studies on the website.

Action: Confor will work with members in Scotland to develop a position on responsible investment in the context of land reform, and link to the work in 4c on benefits for local communities.

3g. Evidence on resilience

The issue of resilience in forests is increasingly being highlighted with an emerging orthodoxy that says the greater the diversity the better. In the case of industry, proponents of diversity point to a need to reduce the reliance on a single or limited number of tree species. Within governments/forestry agencies there is an increasing policy desire to make forests more resilient to the impacts of climate change, eg drought, wind, and pests and diseases.

While there is a practical need to address this issue and scope for action to make the resource more resilient, there are some people/groups who would like to utilise this issue to drive particular, sometimes narrowly framed, objectives. The challenge will be to ensure that change is driven by evidence and not perspectives, and the industry needs to ensure it inputs to that.

Action: As a first step, Confor will approach the forestry agencies in each country to discuss where they stand currently on the issue of resilience and what plans they have in place to take the issue forward.

3h. Develop an industry roadmap to net zero that embraces circular economy

In 2021, Confor commissioned an assessment of the carbon footprint of the sector and the opportunities to mitigate it in line with the UK's commitment to net zero emissions by 2050. This resulted in the *Increasing the climate mitigation efficacy of forestry value chains* report by Eilidh Forster, University of Bangor which estimates the UK forestry and wood processing sector's annual emissions at around 2.47 million tonnes CO_2e. Confor's Advisory Board welcomed the report, approved of its findings, and tasked Confor with developing a roadmap to decarbonise the sector. Our Chair has agreed to lead this process, working with Eilidh, and a task and finish group is being established "to collaborate and share knowledge and ideas in order to set out guiding principles and actions for achieving a climate positive forestry value chain in the form of an industry road map".

3i. Tree health - monitoring, risk analysis, action and communication

Confor will endeavour to make sure that there is good communication on plant health and that Forestry Commission, for example, engages with industry early on to ensure that commercial impacts are considered in planning a response to threats/outbreaks.

3j. Charitable support

In order not to duplicate what others are providing, for example well established entities like the Timber Trade Benevolent Society and the Education and Provident Fund that Confor has directly supported, Confor will assess if there is a gap in current provision. If there is a gap we can fill then we'll look at that, if not we'll seek to ensure that the existing mechanisms are communicated and supported.

3k. Further activity in England

We need to focus on the importance of a constructive relationship between the private and public sector - especially the Forestry Commission and Defra. It also needs to include BEIS and the Department for Levelling Up, Housing & Communities. BEIS is responsible for navigating the transition to a low-carbon economy, and forestry and timber can be a leader in that space – but we need BEIS to gear up to working with the forest-based industry on low-carbon growth, including the increased use of timber in construction.

There is an opportunity to work constructively with the minister, Defra and FC on barriers to planting, including breeding waders (to be reviewed in 2023), getting the Woodland Carbon Code into the Emissions Trading Scheme (work in progress) and a presumption to plant (work in progress). We need to ensure that future grants are fit for purpose for forestry not just farming.

We also want to campaign against any merging of arms-length bodies, including the FC and any proposed additional level of requirements that sit above UKFS just to apply in England.

3l. Further activity in Wales

We will seek to increase the scale of political engagement ahead of the next phases of debate and implementation of the Agriculture Bill to both raise the sector profile but also combat some of the less desirable elements of the policy framework. This will be delivered through a Task and Finish group as part of the Confor Wales Committee and in effect be a smaller regional team looking at engagement/visits with support for Comms/PR where required.

3m. Support for key industry projects

BP to show more on Confor is involved in or provides support to a number of industry initiatives, including FISA and UKWAS. This had included Wood for Good, but that campaign is being wound down in 2023.

4. A vision for the industry

Looking ahead, with a strong team in place and a cross-country, cross-supply chain remit, Confor is now in a unique position to focus on the long-term success of the industry. In 2022, a number of individual projects took place encompassing industry promotion/changing attitudes, skills and recruitment, and statistics.

One means to step this work up would be to develop and deliver a vision for how the industry can be increasingly successful. This vision would aim to engage and inspire members and the key organisations required to buy into and deliver on it, including governments, agencies, industry partners and potentially some NGOs.

An example of a vision would be - *The forestry and wood processing industry is recognised as a key provider of solutions to big societal challenges, including achieving net zero, providing high-quality homes, and supporting rural economies in transition.*

And the means to realise such a vision could be:

- Secure the steadily increasing availability of wood
- Attract the required skills into the sector
- Tap into investment to deliver more planting, benefitting net zero and local communities, in particular through provision of high-quality jobs
- Collaborate to promote sector awareness and reputation, in particular the increased use of wood in construction
- Invest in statistical and resource assessment tools to inform policy making and business investment
- Invest in research and product innovation
- Develop an industry roadmap to net zero that embraces circular economy

Potential timeframes for realising the outputs of the vision could be linked to target dates for net zero – 2050 for UK, 2045 in Scotland. This approach would provide an attractive and relevant hook for governments and support strong external communication to stakeholders.

The timeframe for identifying and delivering the actions required to put in place the building blocks for ultimately realising the vision could be 5 years and should incorporate the work of country industry leadership groups.

If Confor adopted this vision and delivery approach the aim would be, in 2023, to work with the Board and wider Members to develop the vision and 5-year delivery plan and secure external buy-in with the aim of launching at the end of 2023. It would become part of Confor's lobbying 'package' and be reviewed annually.

This exercise would need be flexible to slightly different country priorities, but it is likely that the main components would be common across the countries.

Action: Confor will develop a proposal for the Advisory Board to consider why the industry needs a vision and how successful delivery could provide benefit in each country.

5. Investing in a strong Confor that delivers more for Members

Confor is principally a people business. It has adapted over the last 16 years to respond to the evolving challenges facing the industry and to accommodate a significant increase in member numbers. This growth in membership has been accompanied by a growth in income and activity. External feedback from those who have observed Confor over this time is that it has become much more impactful. It has raised awareness and understanding of the industry in political and stakeholder circles, though progress in raising awareness and understanding amongst the general public has principally been in certain geographies and amongst certain communities like farming.

The Confor team has been strengthened in the areas of member services and finance, technical and industry development, and communications, and we will seek to replace our public affairs resource in early 2023. The new governance model has bedded in and Lord Duncan, reappointed to a salaried chair position is contributing to member engagement and external influencing. Company reserves are strong and previously identified financial risks have been reduced with significantly less reliance on individual member funds.

In 2022, we secured additional funding from key members to undertake a range of projects to help the industry tackle challenges for future growth. Confor has introduced a new subscription model which larger companies are moving over to, and work has taken place to work with agents to secure increased membership of woodland owners. This activity has increased project funding from less than £40k in 2021 to £100k in 2023.

A decision has been taken not to seek to invest additional income raised into additional staff, in order to:

- provide some flexibility to respond to changing needs and buy in complementary skills and experience
- avoid the potential volatility of additional funding for projects impacting on the fixed costs of additional staff

The budget for 2023 provides for employing the team that will be tasked with delivering this Business Plan, plus project funding to attract partner co-funding of some of the actions, including skills/recruitment, community engagement and statistical information, as well as the employment of Public Affairs and Public Relations consultants.

Confor has begun efforts to recruit more woodland owners members. This is a key constituency of interest to politicians and civil servants, and a community where we have routes to recruitment and a big pool of potential members. We will also review the benefits we provide to woodland owners to ensure that there is a strong offering in place.

Fundamentally, growth in membership is built on retention and Confor will continue to develop its monitoring of member satisfaction and step-up member engagement.

In 2023, the Confor Woodland Show will take place on 21 & 22 September. While it is a much smaller version of the APF Show, it does provide an important opportunity to promote Confor's own brand and engage with members, potential members and wider industry in southern England and beyond.

Action: We will explore opportunities to improve and where appropriate expand our member services and benefits.

6. Company Summary

a. Company Ownership

Confor (The Confederation of Forest Industries (UK) Ltd) is a 'company limited by guarantee and not having share capital'. It is owned by Confor members and they are represented through the Advisory Board and Management Board.

b. Financial Summary

Confor is expected to have a turnover in the region of £1.76m in 2023 of which forest growers, nurseries and a range of smaller businesses will contribute £370,000 and over 70 larger harvesting and wood processing companies contribute £716,000. The balance of income arises principally from the facilitation of important initiatives on behalf of the sector, including work of the country Industry Leadership Groups, Timber Transport, Forest Industry Safety Accord (FISA), UK Woodland Assurance Standard (UKWAS) and research commissioning, and sub-letting office space to the Institute of Chartered Foresters (ICF) and Scottish Forestry Trust. Confor also operates a UK Government approved Climate Change Agreement that provides sawmills with the ability to receive a significant reduction in their Climate Change Levy payments in return for committing to targets to reduce energy consumption.

The Company has invested reserves of around £700,000.

Confor is principally a people business, promoting the interests of Members and providing support and services. Employment costs and on costs, including office space, travel, equipment, etc, will be around £920,000. The industry initiatives highlighted above also account for around £430,000 of (externally recovered) expenditure. Production of Confor's member magazine, website and diary costs around £150,000, though advertising in the magazine provides net income to the organisation. Lobbying, media and research which underpins a number of Confor's campaigns on behalf of Members totals £86,000. The balance of expenditure is on professional fees, member events and other costs, including a small contingency.

c. Subsidiary and joint venture

Confor owns the APF International Forest Machinery Exhibition Ltd and has co-owned Wood for Good Ltd with Swedish Wood. The plan that follows refers only to the parent business, Confor.

7. Public Affairs

A key role of Confor is to seek to *"…work and lobby on behalf of the private forestry and wood sector".* Effective political engagement, at all levels, is required to give an often overlooked and misunderstood industry a strong voice. With the climate emergency dominating public and political discourse and requiring far-reaching structural change in lifestyle and economy, the forestry and wood using sector is in a strong position to offer solutions to this and other key societal challenges. If the industry is to seize the opportunity it will need to address key challenges in perception, awareness and understanding and Confor needs to lead in shaping the conversation with politicians and key stakeholders.

Confor's public affairs activity and its PA plan is kept under constant review by the executive team, chair and Advisory Board.

Action: appoint a new PA/Policy Officer with the remit to grow relationships with key politicians, working with members.

8. Business Management

a. Risk Analysis

In this section risks are identified, the severity of each risk is assessed, and solutions are identified to reduce the impact of these risks occurring.

New staff to recruit and 'bed in'

Confor will recruit a new England national manager and a public affairs and policy officer. Half the Confor team have joined in the last 2-3 years, representing significant change for a small team. In response the leadership team will prioritise welcoming and embedding new team members in 2023.

Succession planning and 'cover' for key posts

Confor is a people business and in a small organisation it is important that key posts are filled quickly and 'cover' exists for unplanned events. Further consideration will be given to succession planning and cover for staff roles.

Financial Management

Strong financial management is key to managing risk in all successful businesses. The appointment of an experienced head of finance has assisted with maintaining this as low risk.

b. External Factors

Political situation

The turnover of Ministers is always a challenge to securing continuity of public policy and activity. Confor has sought to manage this through building understanding and support amongst key officials and building relationships with a core of politicians in each parliament/assembly - this activity will be extended in 2023.

Pests and disease

Plant health remains a vital issue. It is a continuing significant threat to the sector that could require an immediate and substantive response from Confor that would impact on delivery of the business plan. Confor continues to raise awareness of the need for effective controls at the border and vigilance to detect outbreaks in the UK. If an outbreak did require a substantive response from the Confor team, then activities on developing country visions for the industry and on resilience will be slowed or paused as required.

9. Financial

Projected Profit and Loss

As a membership organisation funded primarily by member subscription, Confor does not aim to make a significant profit to distribute or re-invest, though it does seek to maintain a strong reserve (currently provided for by invested funds). Normally Confor would expect to return a small operational surplus overall allowing for minor fluctuations from year to year. Given the growth in reserves in recent years and the importance of issues like carbon, the Board has authorised a budget for 2023 that forecasts a small deficit.

Projected Cash Flow

Income from smaller businesses is mostly received in October to December, while larger company income is spread throughout the year with a peak in January-February. Project costs are generally recovered from external funders and some of this is recovered in arrears. While efforts are made to recover costs promptly, cash resources may become limited in the months leading up to the October renewals for small businesses and managing this will be a financial priority for 2023.

Confor
December 2022