ROOTS TO PROSPERITY

AN ACTION PLAN FOR THE GROWTH AND DEVELOPMENT OF THE FORESTRY SECTOR IN NORTHERN ENGLAND

SUMMARY AND ACTION PLAN

INTRODUCTION

This Action Plan describes how the forestry sector can drive significant economic growth in the north of England.

The forestry and forest products sector in the region is **world class**. It **employs in excess of 30,000 people** across a diverse range of businesses, from multi-national corporates to SMEs. It has the ability to **contribute significantly to carbon lean economic growth** through the use of forest products in construction and energy production, increased forest cover and the sustainable management of existing woods and forests. In addition, the sector can provide a multitude of benefits to society and the wider environment by contributing to water management, biodiversity, health and wellbeing.

The sector has substantial potential for growth, thereby delivering even greater benefits to the region. **This Action Plan identifies a series of steps that could create over 1000 new jobs and generate an additional £54 million in GVA**. Investment of £28 million will be required to bring forward these benefits.

This Action Plan is supported by a more detailed strategic overview of the sector that provides an evidence base for the value of the sector at present, identifying where opportunities for growth exist, what the barriers to success are and a rationale for how growth can be facilitated and implemented.

The Action Plan was **commissioned by an industry led partnership representing timber processors, woodland owners, the supply chain** and both local and central government. Partners include Confor, the United Kingdom Forest Products Association (UKFPA), Cumbria, Durham, Northumberland and North Yorkshire County Councils and the Forestry Commission.

THE FOREST RESOURCE

The north of England has 348,998ha of woodland, covering 9.1% of the total land area. Approximately 74% of this is owned by private landowners, businesses, NGOs and charities and other (non-FC) government bodies. The Public Forest Estate, managed by the Forestry Commission, occupies the remaining 26%.

Conifers occupy 42% of the stocked area and broadleaves 58%. There are 61 million cubic metres of standing timber in the woods and forests of the region, divided approximately equally between conifers and broadleaves.

The north of England contains 40% of the softwood resource in England. Sitka spruce, the most widely grown conifer species in the UK and the primary feedstock for board and saw mills, makes up 65,300ha of the area's forest resource - 80% of the total Sitka spruce area in England.

It is this **concentration of commercial species that has given rise to the extensive processing sector and supporting supply chain** in the area.

The available data suggests that about 60% of woods and forests in the north of England are under some form of management, leaving **40% undermanaged but with the potential to be managed.**

TIMBER PRODUCTION

Recent timber forecasts highlight that more than 1.7 million cubic metres of timber are available per annum for the next 5 years from the region's woods and forests. Current harvested volumes of timber are in the region of 1.3 million cubic metres of softwood and 134,000 cubic metres of hardwood.

By bringing into productive management woodlands currently not being managed, and by optimising the management of existing productive woodlands, the region has the potential to increase harvested volumes by approximately 150,000 cubic metres of softwood and 130,000 cubic metres of hardwood annually. The region could also call on volumes harvested in Southern Scotland which currently produces in excess of 3 million cubic metres of softwood a year.

Of great concern to many in the sector is 'Peak Wood' – the point in time when the maximum rate of potential timber availability is reached. Current estimates put Peak Wood at about 2030. Maintaining continuity of raw material supply beyond this point in time - and indeed the scope to increase it - is the most commonly cited barrier to the future growth of the sector. It also has significant implications for employment and economic growth in the supply chain.

SUPPLY CHAIN

In recent years, supply chain businesses have invested significantly in new equipment and skills in order to meet the challenge of increased demand from processors. Meeting forecast demand and accessing timber from currently unmanaged woodlands requires ongoing investment and expansion.

The forest industry supply chain is made up of the contracting base, hauliers, nurseries and suppliers. All aspects of the supply chain face both unique and shared challenges but the overriding issues are those of being able to react to the increased demand for forest products and maintain competitiveness, having the required skills, knowledge, equipment and infrastructure to deal with this, and the ability to adapt to climate change related threats.

Investment in equipment and skills is outlined as being essential if the supply chain is to keep pace with changing and growing market conditions.

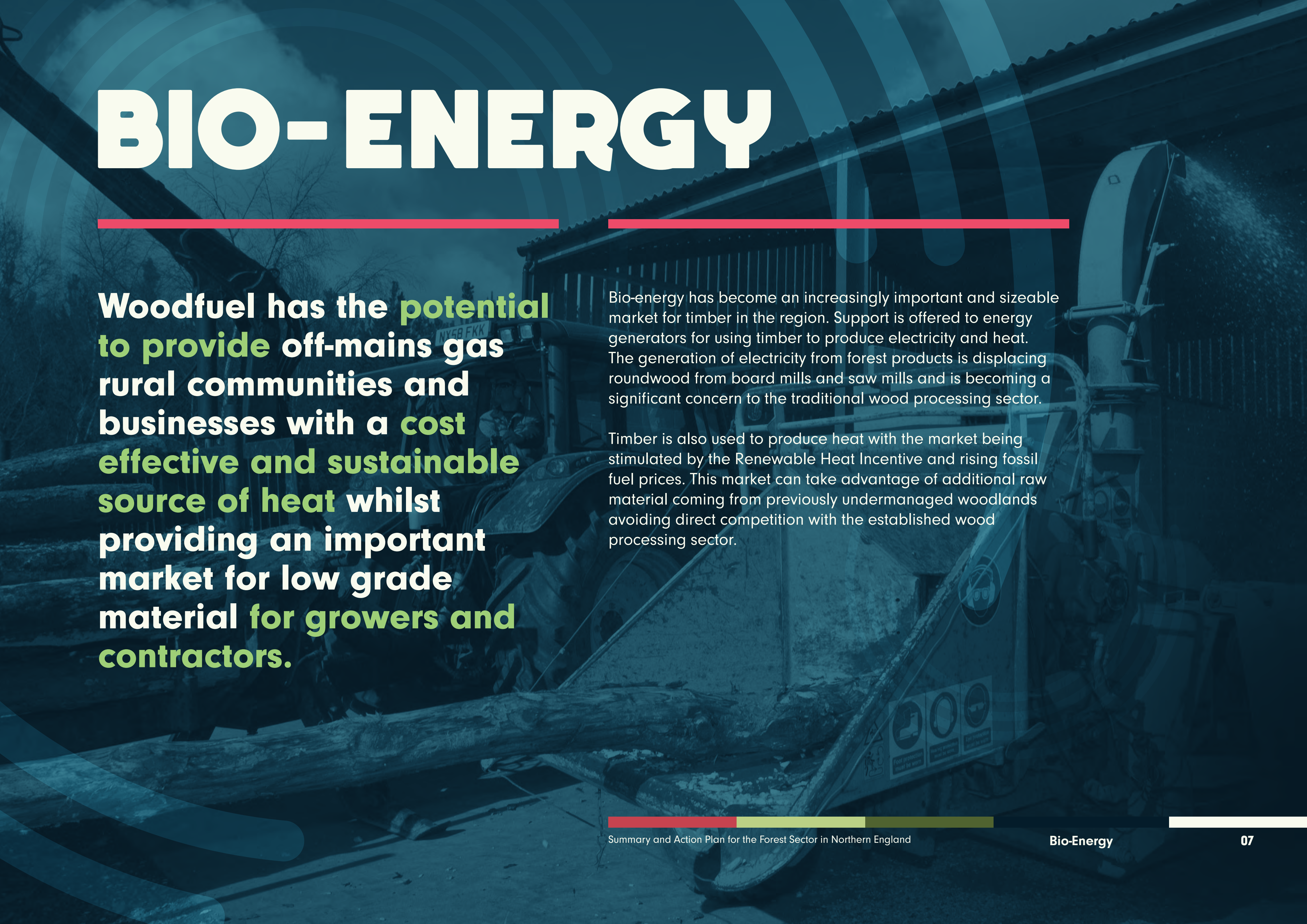
THE PROCESSING SECTOR

Over £250m has been invested by processors in the north of England in the last decade in order to maintain competitiveness and grow output, with the result that the region is home to a world class industry.

The region has a globally competitive forest products sector with real potential for growth. Across the UK timber processors have increased market share in recent years, replacing both imported timber products and more carbon intensive materials.

With substantial recent investment and the ability to call on a growing forest resource in the north of England and south of Scotland, the sector is uniquely able to deliver substantial carbon lean, sustainable economic growth across rural and urban communities in the north of England.

The main concern for processors is to ensure a continued supply of raw material and the ability to deal with this under changing market conditions.



BIO-ENERGY

Woodfuel has the potential to provide off-mains gas rural communities and businesses with a cost effective and sustainable source of heat whilst providing an important market for low grade material for growers and contractors.

Bio-energy has become an increasingly important and sizeable market for timber in the region. Support is offered to energy generators for using timber to produce electricity and heat. The generation of electricity from forest products is displacing roundwood from board mills and saw mills and is becoming a significant concern to the traditional wood processing sector.

Timber is also used to produce heat with the market being stimulated by the Renewable Heat Incentive and rising fossil fuel prices. This market can take advantage of additional raw material coming from previously undermanaged woodlands avoiding direct competition with the established wood processing sector.

FORECAST DEMAND

Recognition of timber as a carbon lean source of construction materials and fuel is leading to increased demand across a wide range of markets. Investment in the processing sector has enabled UK businesses to capture an increasing share of these markets.

Existing use of coniferous roundwood by all users in the region is about 1.45 million cubic metres. This is predicted to rise to over 1.54 million by 2023.

Markets for all grades of forest products have strengthened in recent years. The sector has responded positively to the improved market conditions but recognises the importance of maintaining and improving its competitiveness.

The main concern from all users of forest products is the supply of raw material in the medium to long term. Most processors are operating at or near capacity and, to make significant investments, are seeking reassurance of security of supply.

TOURISM & RECREATION

The north of England is home to a number of high profile forest based recreation and tourism attractions including Forestry Commission Visitor Centres at Dalby, Kielder, Grizedale, Whinlatter and Delamere and the Centre Parcs Holiday Village at Whinfell.

Visitor numbers to Forestry Commission facilities alone number around 750,000 per year with an estimated spend in excess of £4.3 million. There remains significant scope to extend and improve the visitor offer, especially in private sector woodlands, which would lead to additional spend from domestic and foreign visitors.

CARBON & ECOSYSTEM SERVICES

The forestry sector has a unique role to play in a future low carbon economy. Wood products come from a natural, renewable, sustainable resource and the carbon they contain remains stored for the duration of the product's lifetime, until it naturally decays or is burnt for energy. Woodland creation provides a highly cost effective and achievable abatement of Green House Gas emissions when compared with options across other sectors.

Woodlands and forests play a role in water management, both in terms of flood reduction and improving water quality.

The value of nature which woodlands and forestry provide to society is heavily intertwined with other societal benefits such as recreation, health and well-being. The provision of biodiversity alone by the forests of the north of England is conservatively valued at £8.5 million per year. Green infrastructure, and in particular trees, woodlands and green spaces, have a critical part to play in creating the setting for investment, particularly in urban areas.

WOODLAND CREATION

New planting in England has averaged 2,500 ha per year over the last five years and was almost entirely private sector (i.e. non-Forestry Commission) broadleaf planting. Net woodland creation stands at around 1,000 ha per year, taking into account deforestation (although much of this may result from the creation of open space within woodlands). This is clearly insufficient to meet the rising challenge of peak wood and the future demand for timber. With a 25 year lead in time between planting and the first production of timber, action is required now to address this.

Approximately 215 km2 of productive new planting is required to meet the demand. According to a recent analysis there is in the region of 1,990km2 of land suitable for potential planting in the north of England, but significant barriers exist.

These include competing land uses, market distortion of land value and farm incomes by the Common Agricultural Policy, regulatory requirements which deter potential investors and uncertainties around future funding mechanisms for supporting woodland creation.

The Enabling Actions highlight the need for a woodland creation working group to be established. This group would champion woodland creation in the north of England with the important objective of helping to secure future raw material supplies. The group would help to identify suitable land, identify and address barriers to planting and assist with sourcing alternative forms of financial support.

GROWTH OPPORTUNITIES

The Roots to Prosperity Headline document set out three **Growth Themes** which will underpin the growth outputs of the sector. These are:

- **THE RESOURCE**
- **THE SUPPLY CHAIN**
- **PROCESSORS**

Investment in all these areas will be required to meet the ambitious targets of job creation and increased GVA.

The transformational changes which will need to be in place in order to enable this growth have also been identified and these guide the selection of the **Enabling Actions** set out in the tables below. These Actions have been grouped into four **Action Strands** –

- **Capital Investment**
- **Skills & Knowledge**
- **Information, Advice & Guidance**
- **Governance & Regulatory Environment**

In addition, a cross cutting theme of Working Collaboratively underlines the need for all elements of the industry to work in a mutually supportive and productive manner, whilst maintaining the competitive edge which characterises the forestry and timber processing sectors in the north of England. The relationship between **Growth Themes, Actions Strands** and **Enabling Actions** is shown in the Figure overleaf.

The Action Plan recognises the need for collaborative and proactive action to drive forward the recommendations. An industry led forum will come together to steer and monitor the sector's response.

GROWTH OPPORTUNITIES

GROWTH THEMES	ACTION STRANDS			
	CAPITAL INVESTMENT	SKILLS & KNOWLEDGE	INFORMATION, ADVICE & GUIDANCE	GOVERNANCE AND REGULATORY ENVIRONMENT
THE RESOURCE	ENABLING ACTIONS	ENABLING ACTIONS	ENABLING ACTIONS	ENABLING ACTIONS
SUPPLY CHAIN				
PROCESSORS				
CROSS CUTTING COLLABORATION				

The following series of tables sets out the Enabling Actions the sector will undertake in order to grow its competitiveness and economic potential.

THE RESOURCE

GROWTH THEME	ACTION STRANDS			
	CAPITAL INVESTMENT	SKILLS & KNOWLEDGE	INFORMATION, ADVICE & GUIDANCE	GOVERNANCE AND REGULATORY ENVIRONMENT
	ENABLING ACTIONS			
THE RESOURCE	**R1** - Investment in woodland harvesting infrastructure – access roads, timber stacking, turning points **R2** - Investment in green wood/forest based processing and added value capacity **R3** - Investment in woodland recreation and tourism infrastructure - car parking, public access trails etc **R4** - Investment in recreational services and business start ups **R5** - Investment in pest and disease control including support for control of deer and grey squirrels and tree diseases **R6** - Woodland creation investments to create a sustainable woodland resource **R7** - Investment in flood reduction infrastructure such as debris dams	**R8** - Provide knowledge transfer and soft skills to woodland owners, focussed on addressing knowledge gaps creating a barrier to sustainable woodland management	**R9** - Raise awareness amongst woodland owners of the benefits of and techniques for sustainable forest management **R10** - Provide support and facilitation regarding requirements of the regulatory framework	**R11** - Use proposed north of England Forestry and Timber Forum (C6) to lead on and champion new productive forest creation **R12** - Action to reduce real or perceived barriers to woodland establishment which are linked to regulatory burden such as Environmental Impact Assessment legislation **R13** – Action to ensure regulations affecting in-forest infrastructure are interpreted and applied appropriately and consistently

SUPPLY CHAIN

GROWTH THEME	ACTION STRANDS / ENABLING ACTIONS			
	CAPITAL INVESTMENT	SKILLS & KNOWLEDGE	INFORMATION, ADVICE & GUIDANCE	GOVERNANCE AND REGULATORY ENVIRONMENT
SUPPLY CHAIN	**S1** - Investment in timber harvesting and extraction, in particular equipment appropriate to small and undermanaged woodlands **S2** - Explore potential for processors and contractors to identify mutually beneficial opportunities and invest in appropriate equipment to realise value **S3** – Investment in appropriate scale and type of road haulage capacity **S4** - Investment in public highway network to permit timber transport **S5** - Creation of Timber Transport Fund(s) to facilitate the transport of timber on the public highway	**S6** - Support programmes enabling skills and knowledge uptake by contractors and other supply chain actors, in particular relating to sustainable forest management **S7** - Provide support for contractors wishing to take on new entrants and apprenticeships	**S8** - Provide business support and facilitation services to SMEs operating in the supply chain **S9** - Provide support for timber transport related issues including regional timber transport forums **S10** - Provide easier access to information for supply chain actors, particularly where it improves vertical integration **S11** - Provide support for supply chain operatives in bio-security control measures	**S12** – Provide opportunities for micro and SME businesses to engage with regulatory and funding bodies in order to promote mutual understanding and break down barriers to growth

PROCESSORS

	ACTION STRANDS			
	CAPITAL INVESTMENT	SKILLS & KNOWLEDGE	INFORMATION, ADVICE & GUIDANCE	GOVERNANCE AND REGULATORY ENVIRONMENT
GROWTH THEME	ENABLING ACTIONS			
PROCESSORS	**P1** - Investment in processing equipment that can deal with the range of grades, qualities and types of timber to be harvested **P2** - Investment in storage facilities, particularly for woodfuel, with the region being better able to stock pile locally produced woodfuel products to keep pace with the increase in demand created by the RHI which will help to maximise potential gains down the supply chain	**P3** – Support processors to engage in programmes promoting productivity and innovation **P4** - Encourage and support the intake of new entrants and apprenticeships	**P5** - Provide business support services for processors, especially where this focuses on innovation, resource use efficiency, improved business performance, ability to access new and emerging markets, able to react to changes in policy and legislation **P6** - Provide support for innovation through research and development and closer working between industry and universities and R&D institutes **P7** - Support processors to become licensed to handle diseased timber such as P ramorum infected larch and feed into suitable markets	**P8** – Work with local authorities to ensure the needs of processors are taken into account in the development of local plans and development control

CROSS CUTTING COLLABORATION

GROWTH THEME	ACTION STRANDS: CAPITAL INVESTMENT	SKILLS & KNOWLEDGE	INFORMATION, ADVICE & GUIDANCE	GOVERNANCE AND REGULATORY ENVIRONMENT
	ENABLING ACTIONS			
CROSS CUTTING COLLABORATION	**C1** – Provide support for collaborators to purchase harvesting equipment, for woodland owners and managers to work together on area based infrastructure projects, and for vertical collaboration within the supply chain	**C2** – Support collaborators in acquiring skills necessary for working together, to undertake combined training and provide support for new entrants	**C3** – Raise awareness of the opportunities in, and benefits of, collaborative working and facilitate emerging collaborative initiatives **C4** - Support Timber Transport Quality Partnerships and Forums in the region and links to the National Timber Transport Forum **C5** – Improve collection and dissemination of data necessary to inform sustainable sectoral development	**C6** - Creation of a north of England 'Forestry and Timber Forum' to oversee implementation of the Roots to Prosperity Action Plan and improve co-operation within the sector in relation to timber supply, woodland creation and workforce development **C7** - Use the forum to review this Action Plan in three years time to coincide with the midterm review of structural and rural development funding programmes **C8** - Support recommendations set out in the Forestry Regulation Task Force report and reflected in the Government's Forestry and Woodlands Policy Statement

FUNDING & OUTPUTS

GROWTH THEMES	Enabling Actions	Total Investment	Public Sector	Private Sector	Jobs created
THE RESOURCE					
Capital investment	R1 – R7	£9,157,500	£3,663,000	£5,494,500	347
Skills and knowledge	R8	£180,000	£72,000	£108,000	7
Information, advice and guidance	R9 – R10	£277,200	£110,880	£166,320	11
Governance and Regulatory Environment	R11 – R13				
SUB-TOTAL		£9,614,700	£3,845,880	£5,768,820	365
SUPPLY CHAIN					
Capital investment	S1 – S5	£11,682,000	£4,672,800	£7,009,200	443
Skills and knowledge	S6 – S7	£198,000	£79,200	£118,800	7
Information, advice and guidance	S8 – S11	£304,920	£121,968	£182,952	12
Governance and Regulatory Environment	S12				
SUB-TOTAL		£12,184,920	£4,873,968	£7,310,952	462
PROCESSORS					
Capital investment	P1 – P2	£3,780,000	£1,512,000	£2,268,000	143
Skills and knowledge	P3 – P4	£72,000	£28,800	£43,200	3
Information, advice and guidance	P5 – P7	£110,880	£44,352	£66,528	5
Governance and Regulatory Environment	P8				
SUB-TOTAL		£3,962,880	£1,585,152	£2,377,728	151
CROSS CUTTING COLLABORATION					
Capital investment	C1	£2,735,500	£1,094,200	£1,641,300	103
Skills and knowledge	C1	£50,000	£20,000	£30,000	2
Information, advice and guidance	C3 – C5	£77,000	£30,800	£46,200	3
Governance and Regulatory Environment	C6 - C8				
SUB-TOTAL		£2,862,500	£1,145,000	£1,717,500	108
TOTAL		£28,625,000	£11,450,000	£17,175,000	1086

MAIN SPONSORS & PARTNERS

Confor
Cumbria County Council
Durham County Council
Forestry Commission England
Northumberland County Council
North Yorkshire County Council
United Kingdom Forest Products Association

The Growth Strategy and Action Plan is supported by a broader range of industry and public sector stakeholders.


ROOTS TO PROSPERITY
THANK YOU.