

Describing the Challenge

The Forestry Commissions' *A Woodfuel Strategy for England* sets a notional target of 2 million additional tonnes of timber coming forward from existing woodland by 2020 for use as wood fuel. This represents a 60% increase in wood production in England in a little over 12 years.

Whilst the Strategy sets out a number barriers to achieving the 2MT target, there are a range of other issues within the trees and timber sector which need to be acknowledged and addressed to enable meaningful progress to be made. Some of these are serious and systemic issues which must be tackled in order for the target to be achieved in the given timescale.

This paper summarises the barriers to growth, provides underpinning principles as a context for addressing the workforce and business-related barriers and suggests a range of practical interventions and measures which have been piloted, refined and successfully delivered in different parts of the UK and the EU.

This paper is intended to summarise good practice and make broad recommendations only. Further detailed work will be required to produce a full programme of activities and delivery plan.

The Barriers

Present in woodfuel strategy :

- Perception by “hobby owners” and general public that woodland management is “bad”;
- No meaningful market currently exists for product of undermanaged woodlands;
- Supply chain does not currently exist;
- Possibility that government action could impact on existing timber using industries;
- Resource is distributed unevenly & doesn't necessarily match future demand;
- End users are difficult to define;
- Lack of familiarity with woodfuel systems;
- Lack of clear, impartial advice;
- Lack of understanding of whole-life economics of woodfuel systems;
- Perception of complex supply chain;
- Complex system of grants and licenses associated with woodland management;
- Lack of interest in woodland management by certain types of woodland owner;
- Lack of confidence in market opportunity on part of contractors/supply chain;
- Lack of awareness of working methods that optimise fuel supply;
- Skilled, competitive, well equipped and accredited workforce required;
- Grants are short-term and from different sources;

Not present in strategy :

- No up-to-date national information on forestry employment or business health;
- Ageing workforce;
- Peripatetic work patterns amongst contractors which make engagement extremely difficult;
- c. 75% of contracting businesses classed as “micro-businesses” with 50% sole traders;
- Characteristics of industry make monitoring of structure, performance & viability difficult;
- < 40% of full time employees in forestry business hold technical or professional qualifications;
- Industry has a poor record of co-operation and collaboration;
- Lack of trust/poor connections between industry and government support bodies/agencies (e.g. Forestry Commission, Business Link);
- Industry has little understanding of business planning process and its value in maintaining business health;
- Woodfuel supply chain, where it does exist, is inherently weak;
- Over 65% of forestry businesses in England have no formal business plan;
- Patchy coverage of woodland initiatives (many of which are not currently industry-focused) and other arms-length support agencies;
- Previous grant scheme (for infrastructure) requirements out of proportion to investment involved (particularly at small scale, e.g. 30% of cost of chipper);
- Arboriculture sector effectively ignored and sidelined by current approach;
- Lack of knowledge of “nuts and bolts” of industry on part of grant assessors and others in public sector;
- Low profile of / low membership levels amongst industry trade associations;
- Difficulties recruiting and retaining labour;
- Nature of woodland ownership presents structural problems;
- Time taken for training equates to lost income for business in addition to cost of training.

There is, clearly, a considerable challenge ahead if we are to create a professional and sustainable woodfuel industry from the disparate businesses which currently make up England’s trees and timber sector. All of the additional barriers identified above are present in written research and are backed up by recent real-world experience, however, the first point that there is no *up-to-date national information on forestry employment or business health* is a crucial one. The design, justification, funding and implementation of a strategy and specific activities to support the development of the woodfuel sector will only be possible with a clear evidence base. The most recent meaningful work was completed by Firm Crichton Roberts and John Clegg in 2000 in the form of the report *Monitoring the Health and Financial Viability of Forest Industry Businesses*. There has been no Forest Employment Survey undertaken since 1998/99 and the Annual Business Enquiry undertaken by ONS gives too information at too broad-brush a level to be useful.

Delivering Solutions

In order to deliver the necessary activities and programmes to meet the targets of the England Woodfuel Strategy, the issue of trust is crucial. The make-up and history of the forestry sector (particularly contracting) is such that significant investment in time and money is needed to get the best results.

Broadly speaking: the private woodland owner may distrust the independent contractor or forest management company as they often feel that they're not getting a reasonable return for the timber or that all the timber being harvested is being accounted for; the forest management companies may not trust their contractors to operate safely or to record all the timber that they are felling and despatching to market; the contractors may not trust the forest management companies to pay them a fair rate for the work done; and all parties often do not trust the government and quasi-government bodies that have influence in the sector as they are seen as enforcement and legislation driven, rather than as supportive of their business.

Whilst this nightmare scenario is certainly not the picture everywhere, there are elements of the above in most relationships and supply chains in most parts of the country. This leads to an adversarial and factionalised sector, with those at the bottom of the supply chain – the contractors – feeling that “everyone is out to get them”. Problems at the contractor end of the supply chain are further compounded by feelings that training and certification bodies are more interested in making money out of them than meeting their needs and that grants are a back-door to further regulation and possibly even investigation of their business.

The sound file below (*double click to run*) was a Voicemail left by a Northumberland-based forestry contractor following a successful application to the pilot Woodland Harvesting, Processing and Marketing grant scheme in 2006. It encapsulates perfectly the issues outlined above.



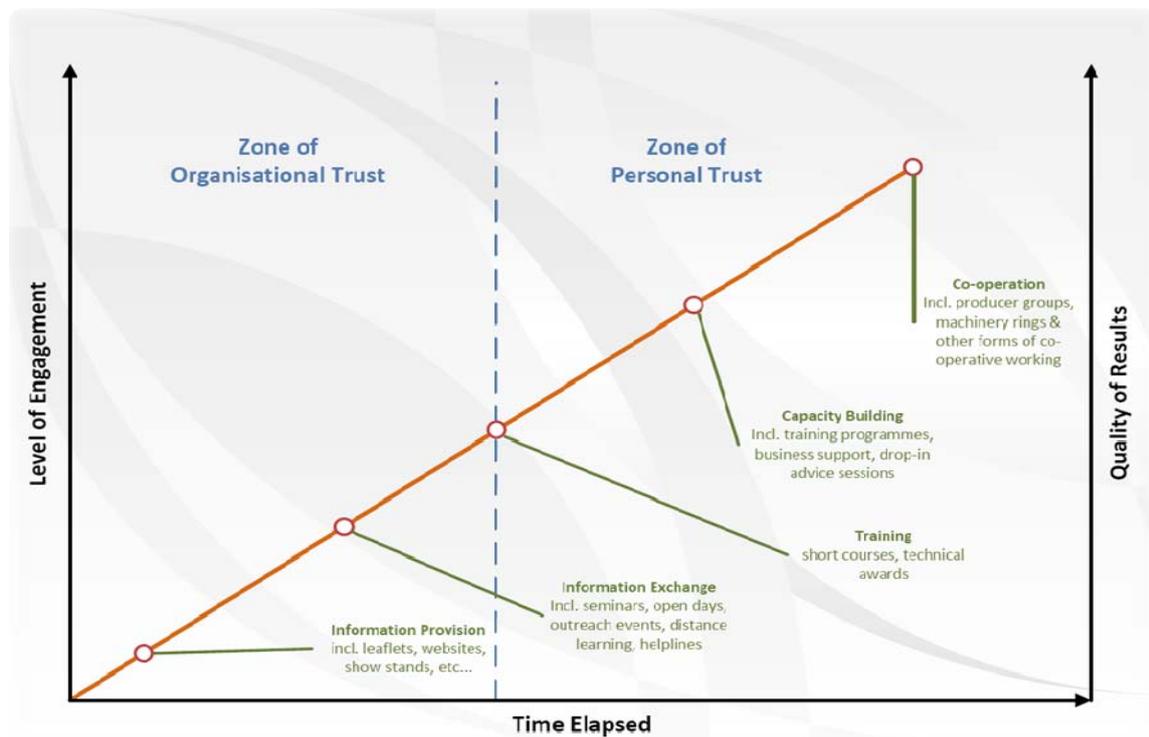
Wave Sound

In order to build trust in the sector, and help it to move forward, there are a number of principles that should underpin any efforts to engage with the forestry sector, particularly the provision of information, grants, training and other services by the public sector to achieve the aims and objectives of the England Woodfuel Strategy. This list is based both on published research and on the practical experience of a number of individuals who are highly experienced in working with the sector.

In designing interventions and programmes to assist the development of the trees and timber sector, it is important to recognise the following:

1. Relationships in the private sector work differently to those in the public sector;
2. Timescales in the private sector work differently to those in the public sector, are less flexible and rarely coincide with grant timetables;
3. The forestry sector as a whole suffers from disillusionment and frustration with the public sector and much that it has historically had to offer;
4. Whilst there is little history of co-operation in the sector, forestry businesses can work together although the primary motivation will almost always be financial;
5. The provision of support, advice and training has the greatest chance of success if it is done through arms-length or third-party bodies;

In order to improve the results of interventions, more time, financial resources and effort are required in order to engage with individuals and businesses, and from there build and sustain trust. The approaches traditionally deployed in the sector lie on a continuum which can be used to build two types of trust – *organisational* and *personal*.



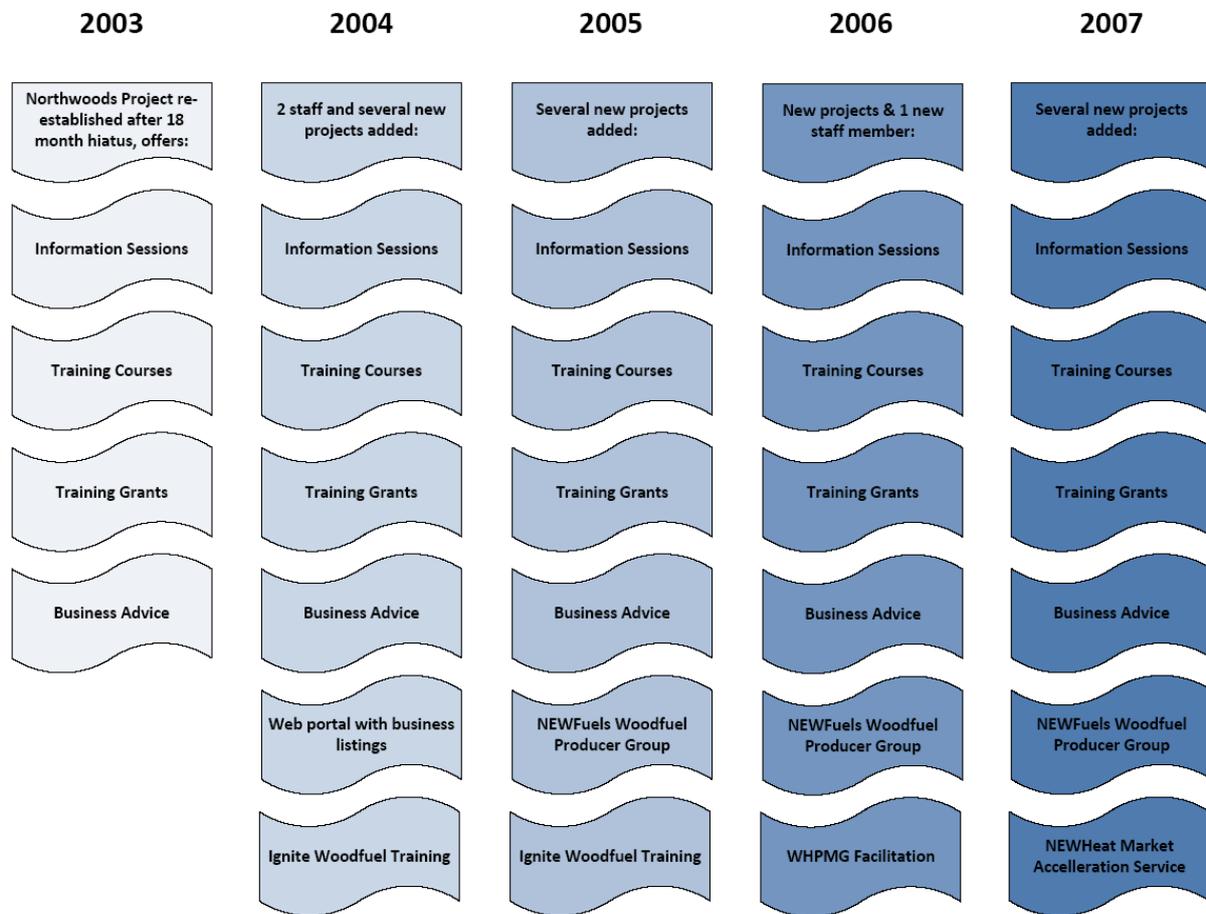
Organisational trust is rather more simple to build up than personal trust, as it only needs the individual to trust the information that the organisation is giving out or publishing, rather than the individuals within the organisation. It is entirely possible to trust an organisation without having built up any degree of trust with its employees or agents. At the information provision and exchange levels, organisational trust is all that is necessary for effective communication with a business or individual working in the sector. Beyond information provision and exchange, the concept of personal trust becomes important, and arguably this is where engagement in the true sense begins.

For the majority of businesses working in the forestry sector (SME or micro-enterprises, ageing workforce, no business plan, etc...), asking them to take time out from their business to attend any training course which is not a legislative or technical requirement is almost entirely dependent on the level of trust which exists between the business and the training provider.

The work of Northwoods in North East England illustrates the progress that can be made if trust is built and tangible results are to and on behalf of businesses. Beginning in 2003 with funding for a re-launch of the project from Forestry Commission, County Durham Economic Partnership, LSC Northumberland and Northumberland National Park, Northwoods rapidly established itself in the consciousness of tree and timber businesses through leaflet mailers, a newsletter and evening information sessions in pubs around region. Northwoods delivered training to over 150 individuals and provided business support to dozens of businesses in its first year, and was evaluated by the Department of Work and Pensions as an exemplar project spending Objective 3 funding.

In its second year of operation, following a questionnaire to businesses on their training needs, the Ignite woodfuel training programme was produced and over 50 individuals achieved the qualification, with many going on to diversify into woodfuel operations of one kind or another. At one of the sessions, following a presentation on South West Woodfuels, a request was made by forestry businesses that Northwoods bid into the DEFRA Bio-energy Grant Scheme for the necessary funds to create such a group in the North East. A bid was made with letters of support from over 50 public sector and private organisations, and secured funding for 3 years to set-up and operate North East Woodfuels (NEWFuels). This organisation "buys" time from Northwoods and is playing a key role in promoting confidence in the woodfuel supply chain. NEWFuels has now awarded two supply contracts to members in the past 6 months, with the prospect of several more before the end of 2007, thanks for the most part to the market stimulation activities of the NEWHeat service.

The diagram below shows the expansion of services at Northwoods over the period from 2003 – 2007, starting with a simple flier and the Yellow Pages for Northumberland to the point now where the forestry, farming and arboriculture businesses of the region are working together through a range of initiatives which are hosted and/or facilitated by Northwoods. The success of Northwoods is based entirely on trust and effective delivery.



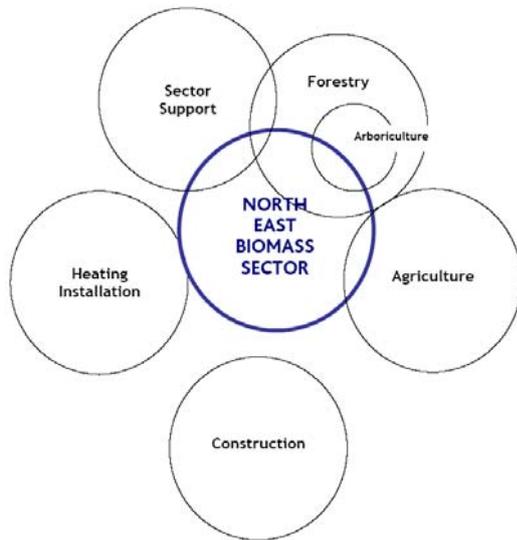
Provision of Training

Putting the provision of information through leaflets and websites aside (it's worth noting however that the majority of forestry sector businesses make little or no use of the internet, and many do not have a computer at their disposal), the provision of training must be the cornerstone of any attempt to support the trees and timber sector into woodfuel markets.

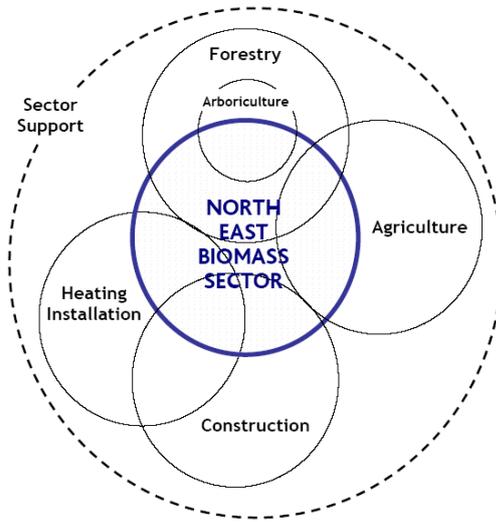
It should be recognised at an early stage that for the creation of a well-functioning woodfuel supply chain, nothing short of a restructuring of large parts of the forestry sector is required. It is one thing to deliver roundwood in large volumes to a sawmill or panel mill, but is quite another to serve the complex needs of a woodfuel customer who requires a product in exactly the right volumes, at the right quality, without impurities, at the right time and delivered using as yet unfamiliar technology.

Models produced for a 2004 sector skills audit still hold true today:

Sector as it currently exists



"Ideal" woodfuel sector



To create the ideal woodfuel sector a comprehensive training and support network, based on national standards but with local delivery and contacts (the Regional and Sub-Regional delivery mentioned in the Woodfuel Strategy) will be necessary. This

Training in all aspects of forestry, not just woodfuel, will have to be included to

Producer Groups

Business support

Grant aid

Feasibility

References

Firn Crichton Roberts Ltd. & John Clegg & Co. (2000) *Monitoring the Health and Financial Viability of Forest Industry Businesses* Report to Forestry Commission and Forest Industry Associations

Land Use Consultants (2002) *Review of Effectiveness of Woodland Initiatives* Report to Forestry Commission Countryside Agency

Northwoods (2004) *Biomass Sector Skills Audit* Report to Government Office for the North East

Glynn, Martin (2006) *An Evaluation of the Woodland Harvesting, Processing and Marketing Grant Scheme* Report to Forestry Commission