

4th December 2014

Paper Title	Forestry and Tree Health Strategy Update – Inquiry into the management of the public forest estate
Paper Reference:	NRW B B 84.14
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Purpose of Paper:	Information To note our progress on the co-produced Action Plan to tackle the priorities for the Welsh Forest Resource, our role in delivery and risk management.
Recommendation:	To note contents of paper and implications for ‘risk appetite’ across our forestry functions and multiple delivery roles
Decision Required:	N/A

Impact: To note – all headings might not be applicable to the topic	<p>The way we undertake our forestry functions and duties has an impact on the environment, economy, communities and knowledge. Our multiple roles, including direct land management, regulation and the duty to promote the interests of forestry, incorporate the principles of Sustainable Forest Management and the multiple benefits that trees and woodlands can provide through natural resource management.</p> <p>Impact on the Environment: The Action Plan includes areas that will need the optimisation of specific goods and services through integrated natural resource management.</p> <p>Impact on the Economy:</p>
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	<p>Effective collaboration between the sector, WG and NRW will enable the economic impacts and benefits to be better understood.</p> <p>Impact on Community: An integrated approach allows us to respond better to the needs of the community.</p> <p>Impact on Knowledge: Greater collaboration facilitates learning from customers and sharing information, evidence and knowledge.</p>
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Issue

1. On 28th October 2014 the National Assembly for Wales' (NAW) Environment and Sustainability (E&S) Committee wrote to the Minister for Natural Resources with findings from their short Inquiry in June 2014 into the management of the public forest estate (annex 1). The Inquiry raised a number of areas of concern across our broad role and remit for forestry matters from forest sector stakeholders. This paper informs the Board on the steps being taken to tackle them.

Summary

2. Together with Welsh Government (WG) Land, Nature and Forestry Division, we have agreed a plan with Ten Areas for Action to address issues of concern for the Welsh Forest Resource, including items under our responsibility and influence. In addition to the recommendations of the NAW E&S Committee, the plan also takes forward outstanding items from the February 2014 WG commissioned report on the views of forest businesses in Wales, known as the 'Cooper Report', and outstanding items from the January 2013 'Response to the report of the Auditor General for Wales on Operations of the Forestry Commission Wales Follow-Up Report' (ARAC agenda standing item).
3. The plan incorporates actions arising from two substantive workshops with the forest sector that have been convened by WG in October 2014 - *Phytophthora ramorum* Recovery Plan, and Welsh Softwood Timber Supplies and Our Green Economy (hosted by Confor and Wales Forest Business Partnership on behalf of WG).
4. The Ten Areas for Action will influence the refresh of WG's five year Action Plan to deliver their Strategy for Trees and Woodlands in Wales, known as *Woodlands for Wales*. This is work in progress and we are collaborating with forest sector representatives to help finalise the actions that need to be taken between WG, ourselves and the forest sector.

Background

5. The purpose of the NAW E&S Inquiry was to consider:
 - The commercial operations and focus of Natural Resources Wales;
 - Delivery of business advice and support to the forestry sector in Wales;

- Management of disease outbreaks on the public forestry estate; and,
 - Progress made by Natural Resources Wales to deliver the recommendations of the Wales Audit Office.
6. The NAW E&S Committee considered 18 written submissions (including our own) and heard evidence from representatives of forest businesses and membership organisations including Maelor Forest Nurseries, UPM Tilhill, BSW Timber, Confor, Coed Cadw/Woodland Trust, Country Land & Business Association and Woodland Strategy Advisory Panel. Prior to the oral evidence sessions, we hosted a visit by the Committee to our Garwnant visitor site and they visited the BSW sawmill at Newbridge on Wye. Areas of concern were noted on our supply of timber to the trade; our role in the promotion of forestry; lack of investment in forestry and new woodland creation in Wales; poor communication with the sector; a perceived lack of transparency; burdensome and uneven regulation of the sector; and, shortcomings in our response and management of *Phytophthora ramorum*.
7. The Minister for Natural Resources has written to the Chair of the E&S Committee informing him of the key areas we have identified for Welsh Government to work together with Natural Resources Wales and in partnership with the sector. The Plan's objectives are to develop stronger support for forestry, address the areas of concern and provide an opportunity for us to demonstrate our commitment to strengthening relationships across the sector. The Plan is being considered by Confor's Committee in Wales and it will be jointly badged by Confor, Wales Forest Business Partnership, WG and ourselves. It is expected to be finalised and published by early December.

Ten Areas for Action	
1	Improved quality of communication with the forest sector
2	Improved transparency on forestry regulation and compliance
3	Improved transparency of forests facts and figures for timber production, forecasting and supply
4	Improved management of timber production and supply from Welsh Government Woodland Estate and the Welsh Forest Resource
5	Recognition of <i>Woodland for Wales</i> outcomes and the forest sector when taking forward Integrated Natural Resource Management and an 'ecosystems approach' to decision making
6	Set out the role and purpose of the Welsh Government Woodland Estate and its strategic priorities to best deliver WG policy priorities
7	Improve support for the forest sector to deliver against Welsh Government policy priorities through well targeted funding, advice and guidance
8	Promote the interests of forestry
9	Provide assurance of sufficient forestry skills in Natural Resources Wales
10	Reporting on progress

8. Whilst there are some very specific actions for us to take, in practice many of the issues require a partnership response from WG and ourselves in conjunction with growers, producers, processors, managers, owners and more. It should be noted that we continue to work closely with a broad definition of 'forest sector' including community based businesses and groups interested in using the Welsh Government Woodland Estate (WGWE) for informal and organised recreation, enterprise activities, education, skills and training.

9. We are committed to making the necessary improvements, particularly around communication, and we have already made progress including:
- provided clear points of interaction at a senior level for forest sector organisations that represent the interests of forest businesses;
 - established a regular schedule of meetings with those sector representatives;
 - established task and finish groups for topics as required;
 - appointed a Leadership Group Head of Business for Forestry in our Knowledge, Strategy and Planning (KSP) Directorate (Ruth Jenkins) who demonstrates an experienced, knowledgeable and visual lead on forestry issues across our business;
 - asked that forest sector representatives engage with us on the basis of positive involvement, open dialogue and honest feedback, and that they escalate issues to the appropriate level in a timely manner;
 - continued to develop opportunities on the WGWE as identified in our Enterprise Framework; and,
 - continued to have positive working relationships at all levels within the organisation, especially in the management of forest management contracts. Over the summer our Harvesting and Marketing team have undertaken a review (with the trade) of customer liaison and contract performance.
10. The Action Plan includes joint working with WG and the sector on making progress towards the WG aspiration for 100,000 hectares of additional woodland (equivalent to a 6% change of land use) to help meet Wales' targets to reduce greenhouse gas emissions. Actions are underway with WG on the role of and support for woodlands in key WG areas such as the development of Glastir Woodland Element, the Environment Bill's approach to Integrated Natural Resource Management, and our role as a member of Public Service Boards taking forward the Well Being of Future Generations Bill.

Next Steps

11. The Plan will be owned by KSP Directorate and taken forward with a partnership approach across NRW. Amongst other things it is intended that this Plan will act as a forward look for formal forest sector meetings (Action Area 1) and act as a guide for discussion and reviews of progress.
12. Action Areas 1 to 5 require improvements to the way we operate and, whilst guided by KSP, ownership is generally embedded in the operational teams responsible mostly as part of business as usual but with some higher profile work areas such as Future Regulation.
13. Action Area 6 is a large project requiring specialist forestry skills and dedicated resource (Action Area 9) to provide clarity on our management of the WGWE, its role, purpose and strategic priorities to best deliver WG policy priorities (including green growth, green energy, healthy activity and tackling poverty). This could have an impact on the portfolio of land owned by the Welsh Government, the range, nature and scale of public benefit that can be sought, and the income that we can derive from timber and other enterprises. Any change to the portfolio of woodland comprising the estate would require negotiation with UK Woodland Assurance Scheme assessors to manage any implications for the certification of the WGWE and the timber products we supply.

14. Arguably the most challenging part of the plan is to provide effective mechanisms to tackle Action Areas 7 and 8 – including our role in the promotion of forestry. Bringing more woodland into management and the creation of new woodland is the only way to deal with the ‘trade-off’ of productive potential from the existing Welsh Forest Resource and the cumulative impact of implementing policies to plant a more diverse range of species, restore Plantations on Ancient Woodland Sites, conversion to native woodland, woodland removal to improve landscape character, action to improve water quality and restore protected and priority open habitats.
15. The Plan considers actions influencing the future nature, shape and sustainability of the whole Welsh Forest Resource and what ‘offer’ it can make to the people, environment and economy of Wales. A successful partnership approach is vital and implementation of the Communications Plan will be crucial. Background on our role in delivering Sustainable Forest Management in Wales and its relationship with our approach to Integrated Natural Resource Management can be found in the Board briefing paper NRW B C 17.14 (2 April 2014).
16. The NAW E&S Committee specified that progress be monitored (Action Area 10) via annual scrutiny of our Chair and Chief Executive but also with more detailed and specific updates on a number of topics that can be reported via the Ten Areas for Action.

Risks

Risk	Mitigation
Without sufficient specialist forestry resource we will not be able to deliver our actions nor effectively deliver our responsibilities for forestry and there is a risk to our reputation, the strategic direction of the Welsh Forest Resource, the role of the public forest estate within that and manage the implications for UKWAS certification.	<p>Restructuring in KSP forestry team to establish leadership, drive progress on actions and support others in the business to deliver</p> <p>Address the legal requirement in the Forestry Act to appoint Forest and Woodland Advisory Committee Wales to advise upon and scrutinise our activity</p> <p>Work in partnership with Forestry Commission and Forest Research as well as Wales-wide stakeholders and sector representatives</p> <p>Ensure that we approach Action 6 with ‘eyes wide open’ and mitigate implications for UKWAS certification.</p>
Without sufficient co-ordination or leadership then there is a risk that Action Plan areas will seek the optimisation of goods and services specific to that action and we will miss the opportunities for multiple outcome delivery of NRM in the same place and at the same time with the potential failure to deliver many of the ‘good for’ programme outcomes.	<p>The Ten Areas for Action is designed to pull together all key requirements</p> <p>Align the Ten Areas for Action within the ‘Good for’ programmes.</p> <p>Incorporate within the WGs <i>Woodlands for Wales</i> Action Plan refresh and broader WG policy portfolio.</p>

	Ensure that Action Area 6 (role and purpose of WGWE) is recognised in the INRM programme (internally and with WG) and its interface with our key operational programmes.
Failing to implement our Communications Plan effectively then there is a risk that we will fail to raise awareness and drive the necessary change in and our internal business activities and we will not reach the intended audiences externally	Develop and implement the draft Communications Plan at Annex 3
Failing to work in partnership with growers, producers, processors, owners and managers (of all scales) then there is a risk that the forest sector will feel powerless to influence or deliver against the Plan and smaller businesses may feel disenfranchised.	<p>The Ten Areas for Action is designed to pull together all key requirements and act as the forward look for senior level sector meetings</p> <p>Use the various NRW and external stakeholder fora to advise on and provide scrutiny of our actions</p> <p>Address the Forest Act RAC requirement</p>

Financial Implications

17. There are financial implications in taking forward several of the Areas for Action that will need to be considered and managed as part of either dedicated programme or project management and delivery. These include:

- Action Area 6 – WGWE vision – role, purpose and strategic priorities
- Action Area 7 – funding, advice, guidance
- Action Area 8 – promotion of forestry
- Action Area 9 – forestry skills and limited resource to lead and co-ordinate actions is a serious barrier to effective delivery

Some of the financial implications are at WG programme level such as the re-launch and delivery of Glastir Woodland Element. We will quantify these and work with WG to identify how any shortfalls are addressed.

Communications

18. A communications plan is being developed to operate at two levels:

- Improve operational liaison and create a communications structure to provide leadership, engage stakeholders and strengthen the sector network needed to deliver the 'Ten Areas for Action'; and to
- Implement strategic communications to promote progress and milestones, as well as the evolving interests of the forestry sector.

Equality impact assessment (EqIA)

19. An EqIA is not required for the Ten Areas for Action plan itself but will be required as part of Action Area 6 (determining the role, purpose and strategic priorities for WGWE).

Index of Annex

- 20. Annex 1 – letter to the Minister for Natural Resources from the Chair of the Environment and Sustainability Committee
- 21. Annex 2 - Letter from Minister to Environment and Sustainability Committee