

Papur y Bwrdd

	Manylion y Papur
Teitl y papur:	Cynllun Gwerthu a Marchnata Pren
Cyfeirnod y Papur:	21-03-B05
Noddwyd y papur gan:	Sarah Jennings
Cyflwynwyd y papur gan:	Sarah Jennings, Victoria Rose-Piper
Pwrpas y papur	Penderfyniad
Argymhelliad	Bod y Bwrdd yn cytuno ynghylch y Cynllun Gwerthu a Marchnata Pren drafft i'w gyhoeddi ym mis Ebrill, ac yn ei gymeradwyo

Mater

1. Mae drafft terfynol y Cynllun Gwerthu a Marchnata Pren yn gofyn am gymeradwyaeth y Bwrdd cyn ei gyhoeddi.

Cefndir

2. Mae'r Cynllun Gwerthu a Marchnata Pren 2017-2022 wedi'i ystyried i'w adolygu yn 2020 er mwyn i gynllun newydd gael ei lansio yn 2021 oherwydd yr angen am gynllun mwy addas at y diben.
3. Nod Cynllun Gwerthu a Marchnata Pren 2021-2026 yw dwyn ynghyd yr ymrwymadau ar gyfer y 5 mlynedd nesaf a chyfrannu at ymgorffori disgyblaeth y safonau llywodraethu gwerthu pren wrth ddangos ymrwymiad parhaus i'r sector coedwigaeth a phrosesu pren yng Nghymru.
4. Cynhaliwyd adolygiad ymgynghori rhwng Medi a Thachwedd 2020.

Asesiad

5. Mae adolygiad y cynllun wedi ei gwneud yn bosibl canolbwyntio o'r newydd, a'r elfennau allweddol yw:
 - Gostyngiad arfaethedig yn y cyfaint sydd ar gael yn y rhagolwg cynhyrchu (2022-2045).
 - Cyfeiriad at ddeddfwriaeth newydd Llywodraeth Cymru a chyfrifoldebau CNC sy'n cyd-fynd â hynny ar ôl hynny, sef Deddf yr Amgylchedd a Deddf Llesiant Cenedlaethau'r Dyfodol (2015 a 2016).
 - Ymagwedd well at lywodraethu a chydymffurfiaeth sy'n gweddu i gorff cyhoeddus wrth ymgymryd â rôl yn ymwneud â masnachu gwerthiannau pren (2019).
 - Cyflwyniad i ddull Pobl, Planed a Ffyniant ar gyfer gwerthu pren (2021).
 - Rhoi'r gorau i gontractau tymor hir, gwerthiannau coed heb eu torri a gweithgareddau gwerthu pren y fframwaith coed tân (2019/2020).
 - Galw presennol Llywodraeth Cymru i ddangos bod y gwaith o reoli Ystad Goetir Llywodraeth Cymru (YGLIC) yn ategu economi gylchol Cymru, trwy gadwyn gyflenwi well i'r sector tai yng Nghymru.
6. Yn y Cynllun Gwerthu a Marchnata Pren newydd mae'n ofynnol i ni gyhoeddi'r ymrwymadau canlynol:
 - Cyfaint y pren a gynigir i'r farchnad wedi'i alinio â, ac o fewn terfynau'r cyfnod rhagfynegi ar gyfer cynhyrchu.
 - Amlinelliad o weithgareddau gwerthu pren, math a maint y gwerthiant.
 - Mesur y perfformiad gan gynnwys dangosyddion perfformiad allweddol.
 - Sicrwydd o gadw ardystiad i safonau ardystio rhyngwladol trwy Gynllun Sicrwydd Coetir y DU (UKWAS).
 - Amcanion a dulliau marchnata.

Crynodeb

7. Cynhaliwyd ymgynghoriad eang â rhanddeiliaid rhwng Medi a Thachwedd 2020 am y Cynllun Gwerthu a Marchnata Pren 2021-2026 drafft. Mae'r drafft terfynol wedi ystyried adborth yr ymgynghoriad, y ddeialog fewnol a'r sesiwn cyd-greu a gynhaliwyd gan Fwrdd CNC ym mis Ionawr 2021. Disgwylir i'r Cynllun gael ei gyhoeddi ym mis Ebrill 2021.

Argymhelliad

8. Bod y Bwrdd yn cymeradwyo'r Cynllun i'w gyhoeddi ym mis Ebrill 2021.

Risgiau Allweddol

9. Y risg i CNC yw y bydd methu â chynaeafu pren o Ystad Goetir Llywodraeth Cymru yn effeithio ar ein cyfle i ddarparu SMNR a buddion ehangach yr ystad o safbwynt cymdeithasol ac amgylcheddol.
10. Y risg allweddol i farchnad Cymru yw methu â dod â chyflenwad pren i'r farchnad i'r sector coedwigoedd a phrosesu pren bywiog presennol gan mai CNC yw'r cyflenwr pren mwyaf yng Nghymru.

Y camau nesaf

11. Cyhoeddi Cynllun Gwerthu a Marchnata Pren 2021-2026.
12. Adolygu'r Cynllun yn rheolaidd i sicrhau dull hyblyg ac addasadwy sy'n ystyried grymoedd y farchnad allanol a chyfleoedd sy'n dod i'r amlwg.
13. Parhau i ymgysylltu â'r holl randdeiliaid wrth i'r Cynllun gael ei weithredu.
14. Sicrhau bod prosesau monitro digonol ar waith i olrhain cynnydd yn erbyn y Cynllun.

Goblygiadau Ariannol

15. Mae cydnabod bod YGLIC yn cael cyllid net ac yn cael effeithiau negyddol a chadarnhaol ar incwm pren Cymru yn cael effaith uniongyrchol ar gyflenwi SMNR ar yr Ystad wrth fod yn ystyriol ynghylch cyflenwad cynaliadwy o bren i'r farchnad er mwyn sicrhau bod ein cwsmeriaid a'n contractwyr yn parhau dros y tymor hir. Gallai hyn beri risg i fusnesau bach os yw'r cyflenwad yn gyfnewidiol.
16. Mae risg i incwm CNC sy'n deillio o werthiannau pren sy'n gysylltiedig â'r ystod. Os dewiswn ben isaf yr ystod gallai hyn leihau incwm oddeutu 15% y flwyddyn.
17. Wrth i ni bennu manylion ffrydiau gwaith ac elfennau'r Cynllun ar gyfer y dyfodol, bydd yn bwysig meintioli effeithiau ariannol ac effeithiau eraill pob opsiwn a model.

Asesiad o'r Effaith ar Gydraddoldeb (EqIA)

18. Ni fu Asesiad o'r Effaith ar Gydraddoldeb uniongyrchol ar gyfer y Cynllun Gwerthu a Marchnata Pren ond wrth i ffrydiau gwaith newydd gael eu datblygu bydd angen Asesiad o'r Effaith ar Gydraddoldeb ar gyfer pob un o'r rhain.

Mynegai Atodiadau

- | | |
|-----------|--|
| Atodiad 1 | Cynllun Gwerthu a Marchnata Pren 2021–2026 |
| Atodiad 2 | Dogfen unedig Ymateb i Ymgynghoriad y Cynllun Gwerthu a Marchnata Pren, yr Adroddiad Cryno ac ymatebion. |



**Cyfoeth
Naturiol
Cymru**
**Natural
Resources
Wales**

Timber Sales and Marketing Plan 2021- 2026

Published: xxxx.

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Executive summary

Natural Resources Wales (NRW) is the largest Welsh Government Sponsored Body which brings together and operates many of the tools and mechanisms needed to manage Wales' natural resources coherently and in an integrated way.

Our 2000-strong staff undertake a multitude of responsibilities, ranging from regulator to advisor, landowner and operator and emergency responder. We are also responsible for the management of the Welsh Government Woodland Estate (WGWE) on behalf of the Welsh Government.

Timber production contributes to a prosperous timber processing and forestry sector and is recognised as a key contributor to a healthy rural economy and sustainable forest and natural resource management in Wales.

Managing forests sustainably contributes to improved biodiversity and natural habitats, improves the water quality of wooded catchments, and provides attractive places for recreation and community involvement. It also plays a key role in the net emissions reduction process as, when the tree is harvested, the carbon remains stored in the timber until the end of its physical life.

As the largest supplier of certified timber in Wales, NRW's ability to contribute towards and to achieve these wider goals, is influenced by its timber harvesting and marketing operations.

The land managed by NRW includes 7% of all land holding in Wales and the sale of timber from the WGWE allows us to generate an economic return that we can reinvest in the forest estate to support our future work.

This timber sales and marketing plan communicates our approach to the harvesting and marketing of timber from the WGWE for the period 2021-26. It has been written following a public consultation between 1 September 2020 and 3 November 2020. The responses submitted as part of that consultation has aided and informed the direction and actions determined in this plan.

NRW operates within key legislation related to the management of the WGWE. The type of activity that takes place on the estate, commercial or otherwise, is influenced by this legislation, including how that activity is executed.

All NRW commercial activities must comply with applicable UK and EU laws and regulations, Welsh Government and NRW policies and procedures and, where appropriate, voluntary regulation such as the independent certification of the WGWE.

This timber sales and marketing plan is also influenced by the commitments stated in the Welsh Government's Woodlands for Wales Strategy and the Role and Purpose of the WGWE.

Our marketing objectives for this period will be underpinned by our commitment to offer timber for sale from the WGWE in an open and transparent way which demonstrates best value for money for the public purse.

Our management of the WGWE is externally audited each year to international standards of forest certification, as set out in the UK Woodland Assurance Standard (UKWAS). Certification against UKWAS is a verification of our sustainable management of the WGWE, reaching Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification (PEFC) international standards. This ensures that we are able to certify our forest products to both FSC® and PEFC.

We will continue to provide an annual statement of timber supply commitments in October preceding a given sales year and manage and communicate any changes to supply with 12 months' notice wherever possible.

We will fulfil our responsibilities as landowner, and where appropriate Forest Works Manager (FWM), and will require customers to fulfil their responsibilities as set out in industry guidance, Managing Health and Safety in Forestry.

Our active engagement with the forest and wood processing sector will also continue. This includes our ongoing collaborations with FISA (Forest Industry Safety Accord), Confor (Confederation of Forest Industries) and our work with customers and timber contractors to help protect their safety and livelihoods.

For the duration of the plan we will seek to improve safety and environmental performance of timber sale activities on the WGWE.

We will reinforce our commitment to deliver environmentally responsible, socially beneficial and economically viable forest management by introducing what is historically known as a triple bottom line approach in the awarding of timber sale contracts. This will be delivered under the key title of **People, Planet, and Prosperity**.

Over this period, we will offer a consistent and sustainable timber supply to the market which complements the sustainable management of the WGWE and as a general duty of afforestation, production and supply of timber. The volume of timber we bring to market each year will be with the range 735,000m³ to 835,000m³. The volume to be offered for sale will be set out in the October of the preceding year.

We will work alongside the Welsh Government to promote the wider use of timber 'Made in Wales' in the housing development sector, and encourage more access to timber for niche markets, communities and innovative enterprises.

We will continue to sell at least 70% of our timber on the open market and explore the role of alternative sales models to further develop how our timber supports enterprise development and sustainable management of the natural resources in our care.

Current opportunities identified on the WGWE are focussed on encouraging investment in timber harvest equipment to manage steep ground working, thinning operations and work on wind farm developments on the estate. In these areas, we will review an approach to develop long-term or medium-term contracts, to facilitate such investment requirements – particularly where a supply chain is weaker. We may also explore other models.

Such alternative sale methods may account for up to 30% of any given year's timber sales plan.

This will be a transitional plan that will bring about change for the future. Beyond 2026, the five-year production forecast reduces in available volume. The volume of timber delivered to market in this current five-year period will assist in smoothing volumes in the future and offer longer-term security of supply to the industry.

Our annual customer liaison event will continue and will provide detail on the forthcoming financial year and timber sales programme by region, volume and sale type. We will also provide performance figures of timber sales activities to include sale volumes, production volumes and replanting targets achieved. We will provide end-of-year figures for roadside and standing timber sales, considering any impact market forces and resource capacity will have on the volumes of each type and to ensure value for money.

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Introduction

Wales' natural resources are vast and varied. From our uplands to our woodlands, our coastlines to our mountains, our landscapes underpin every facet of our modern life. They provide the basic things we need to live, support our health and wellbeing, our food and water supplies and support jobs for thousands of people in the farming, forestry and recreation sectors.

NRW's core purpose is to pursue the Sustainable Management of Natural Resources (SMNR) and to apply the principles as set out in the [Environment \(Wales\) Act 2016](#).

Sustainability is at the heart of our forestry policies and practices so that we can realise the full potential of our woodlands as economic, environmental and social resources now, and in the future.

We are proud that the Welsh Government Woodland Estate is part of the longest running continuously certified state forests in the world. When first certified in 2001, it received a "[Gift to the Earth](#)" accolade from the World Wide Fund for Nature (WWF).

This timber sales and marketing plan covers the period 1 April 2021 to 31 March 2026 and replaces the Timber Marketing Plan 2017-2022.

It focuses on a transitional period that will set the pace and direction for the future, taking into consideration, and being flexible to, any potential impacts on future trading positions and opportunities resulting from the UK's exit from the European Union.

It also considers the production forecast of the WGWE (see figures at Annexe A) which is expected to reduce from 2027, and as NRW implements the ambitions of new legislation set out in the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016.

We are implementing this new plan to enable us to outline a change in approach to how we sell and market timber and to outline how current activities have evolved beyond the commitments made in the previous plan. This includes ending our current long-term contracts and standing sales plus contracts. It also includes the change in commitment between the standing sale and roadside sales offer that has taken place over the lifespan of the previous plan.

We recognise that the previous timber marketing and sales approach of all timber offered on an open market platform is time consuming and resource intensive for both NRW and our customers. It also prevents any potential opportunity to meet wider ambitions and for the industry to seek assurance of supply volumes to facilitate investment. This plan seeks to address this.

It explains our approach to sales and marketing of the WGWE timber reserve, which represents 38% of the Welsh forest resource and currently 60% of the harvested timber volume.

Like others, we have had to rise to the challenge of working and delivering our key services during a global pandemic. Throughout this challenging time, the need for forestry has not only remained but, in many ways, has been accentuated with the sector continuing to play a critical role in the supply of materials essential to our response to coronavirus.

We have an important role to play in Wales' green economic recovery from Covid-19 and believe that sustainable development and supporting a circular economy is key to Wales' recovery and future prosperity.

EU exit is likely to present both challenges and opportunities for the wider commercial sector in Wales and at the time of writing, it is still not clear how the UK's exit from the European Union will impact the services that NRW provides. Alongside having an impact on our own work, we recognise that potential changes could impact how others operate. We believe that the best response to EU exit is to continue with our core business and to not hold back on new developments or partnerships. NRW believes this to be a positive message for Wales and its businesses, many of whom in some industries are heavily dependent on the local supply chain. We will continue to monitor the situation and will continue to take guidance from the UK and Welsh Governments on the issue.

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Our vision and values

Our vision and values are at the heart of who we are as an organisation and how we deliver our objectives. They outline what is important to us and the standards we live by.

Our vision is to ensure that the environment and natural resources of Wales are sustainably maintained, sustainably enhanced and sustainably used, now and in the future.

Our #TeamNRW values are:

- We are passionate about the natural environment of Wales
- We care for each other and the people we work with
- We act with integrity
- We make a difference now and for the future
- We are proud to serve the people of Wales

Our marketing objectives

In delivering this plan, we will focus on the following marketing objectives:

- To secure best value from the sale of timber by offering it for sale in a fair, open and transparent way.
- Ensure all customers who trade on the WGWE demonstrate competence and assurance of their contribution to a safe working environment, good environmental standards, compliance and governance.
- Offer timber to the market in ways that allow the greatest practicable number of customers to compete for it and recognises, where possible, the business needs of our customers.
- Offer timber in ways which support the whole supply chain, and focusses on areas where the supply chain is weaker.
- Work with others to promote the processing and use of timber in ways that contribute to Wales' ambition to reduce its carbon footprint.
- Use the People, Planet, Prosperity approach to enhance timber values in consideration of social and environmental benefits.
- Sell timber in a way which is flexible and responsive to the market and economic conditions for the duration of this plan.
- Be transparent in how the WGWE is performing in relation to harvesting and marketing of the timber reserve and the benefits that are being delivered.
- Deliver Sustainable Management of Natural Resources (SMNR) supporting the people of Wales (through the Well-being objectives).

Timber marketing

The timber sales and marketing plan is influenced by overarching Welsh Government policy as highlighted in the Woodlands for Wales strategy and supported by delivery of forest resource plans and NRW's corporate and business plans. It may also in the future,

be influenced by local well-being plans as determined by Public Service Boards in regions as identified in the Well-being and Future Generations (Wales) Act.

The marketing objectives will be delivered by maintaining and introducing the following approaches for the duration of this plan period.

- A dominance of sales activities via open market tender using the electronic sale platform, open to existing and new customers. At least 70% of the five-year programme will be offered to the open market via this platform.
- Working with stakeholders and customers, we will openly and fairly embed a People, Planet and Prosperity approach to timber sales activities on the WGWE. This approach will bring together the timber sales pre-qualification approval, the health and safety Pre-Qualification Questionnaire (PQQ) approval and ensures that social and environmental standards are incorporated into their business activities. We will aim to develop this approach in 2021, introduce a pilot and seek to implement the approach for all timber sale transactions by 2023.
- We will consider the benefits of other models. Current opportunities identified on the WGWE are focussed on encouraging investment in timber harvest equipment to manage steep ground working, thinning operations and work on wind farm developments on the estate. In these areas, we will review an approach to develop long-term or medium-term contracts, to facilitate such investment requirements – particularly where a supply chain is weaker.
- We will develop our work with the Welsh Government, Wood Knowledge Wales, Housing Associations and industry partners to seek opportunities for the development of a supply chain and chain of custody of Welsh timber for Welsh homes.
- We will present annual performance figures of the timber sales and harvesting programme at trade liaison events, including both in-year and accumulative performance over the period.
- We will continue to invest in new technology and opportunities to improve the accuracy of timber measurement data for points of sale.

Implementation

Timber production levels

A sustainable wood processing sector stems from sustainably managed woodland. Our management of the WGWE takes a long-term view of this crucial resource and includes a commitment of an offer of timber that is taken to market in five-year periods and aligned to the production forecasts. (See Annex A).

Our legislative requirement under The Forestry Act 1967 is undertaken by the presentation of a production forecast and the commitment to offer to market a sustainable timber reserve within the limitations of the production forecast.

The production forecast is the maximum theoretically available volume and for the purposes of this plan period, the production forecast volume available is 982,487m³ per year.

The volume of timber we bring to market each year will be based on a combination of variables. This will include our own capacity, and that of our customers to deliver to the highest health and safety and environmental standards. It will also include how we deliver against the requirements of the Sustainable Management of Natural Resources principles, the long-term strategy to smooth supply to avoid a sudden drop in available volume in future years, and market conditions.

We will communicate the future financial year's sales plan as soon as we can in the year before, usually in or before October.

Over the course of this five-year plan the volume we deliver to market will be within the range 735,000m³ to 835,000m³.

We anticipate being near the top end of the range for at least the early years of the plan period. In 2021/22 this volume is 830,000m³.

The amount of timber we offer to market may vary. We monitor the forward sold position of timber sales in contract and where such volumes exceed a year's supply, we may consider reducing the volume offer to market until such time as industry performance improves. This approach will aim to avoid major fluctuations in market values impacting on both the wood processing and wider forest grower sector. In addition, this approach will benefit the medium to long-term timber availability.

Managing change

Barring any impacts from catastrophic events or adverse market conditions, we will aim to give customers 12 months' notice of a change in programme during the period of this plan. For example, if it has become necessary to move outside the range of annual volumes set out above.

Where we are considering changes to timber sales programmes or considering the adoption of new approaches such as the people, planet and prosperity approach, NRW will seek to engage with our key stakeholder groups at the earliest opportunity to ensure any potential impacts and risks are fully considered. We would then anticipate piloting schemes and evaluating their success before considering introducing any changes to business activity or a sales model.

Overall timber sale approach

NRW manages the WGWE on behalf of the Welsh Government and as such are bound by Welsh and UK legislation including EU Directives, and until such time as any such transitional arrangements required for the duration of this plan are implemented.

Timber sales on the WGWE will be offered in a fair, open and transparent way that fulfils value for money requirements.

Timber sales contracts are awarded following scrutiny and consideration of a pre-sale valuation following an agreed valuation and reserve setting policy. The sales and marketing team considers market intelligence based on several factors including imported

timber prices, current open market values, and local variations based on location, haulage rates, tree species, contractor availability and immediate market demands.

The offer of timber to the market does not guarantee all timber will be sold. However, where the current market value can be obtained, a recommendation will be made subject to additional scrutiny on a case by case basis.

Sale type

Our tree harvesting operations and timber sale type will always be considered within the context of our wider purpose around the sustainable management of natural resources, our general duties around afforestation and timber supply, and the demonstration of value for money.

To be eligible to bid and to attain an award of timber sales offered on our open market tender platform, all customers will have obtained an approved timber sales pre-qualification. They will also be required to complete a health and safety pre-qualification questionnaire to provide assurance that they are competent operators.

This approach and requirement has been in place since 2019. Any changes to this requirement will be communicated to the forest and wood processing sector at the earliest opportunity.

Two methods of timber sales activities are currently undertaken as either standing sales or roadside sales.

- In a standing sale, timber is sold as an estimate weight, and both the transfer of risk and harvesting operations are borne by the customer. This can also benefit the timber merchant, who can be more responsive to the immediate market.
- As a roadside sale, NRW undertakes the role of timber harvesting via a service contract provider or own fleet, and will offer an estimated weight of given products, to a pre-determined specification, available from a given contract site.

Most of the timber is sold by weight as timber uplifted by the customer, though NRW reserves the right to offer alternative sale methods dependant on scale and value of a given product. Any variance of sale method will be clearly indicated in sale particulars. An alternative sale method is likely to be via volume in cubic metre or hoppus feet measurements for high value hardwood sales when offered.

Most of the timber will be sold via standing sales. Roadside sales will continue where the private sector is unable to deliver the requirements of timber operation activities needed to manage the WGWE and to retain UKWAS accreditation.

Roadside sales will be maintained in those regions where negative timber returns are required of an individual activity for the long-term benefit and value of the estate. Such negative timber sales will be undertaken as a service contract deriving timber at roadside to generate income to offset, in-part, the cost of the service provided. This approach

enables work to be carried out in a sustainable way and to ensure compliance with the governance arrangements required of a public body.

We may consider alternative methods throughout the duration of the five-year plan, engaging with the trade as these are considered.

Other methods of sale will require equally robust methods of qualification and assessment.

We are considerate of the benefits that access to long-term timber supply contracts on the WGWE can have on the wider wood processing sector, and the contribution it can make to a sustainable, vibrant future for the industry. Any such opportunities will also need to demonstrate the social, economic, and environmental considerations under the People, Planet and Prosperity approach. We will be required to demonstrate the best value for money, delivered in a transparent and fair playing field.

We will consider alternative sale types which will not exceed 30% of any given year's timber sales plan.

Sale events

The sale of trees from the WGWE enables us to generate an economic return that we can reinvest to support our work on the estate and helps pay for the environmental benefits, facilities and the public use of our woodland.

Customer information on how to buy timber from NRW can be found on the [website](#).

We will continue to publish an annual statement of the timber sales plan and the dates of intended sales events in October preceding the next 12-month sales year (1 April – 31 March). This will be aligned to the NRW Land Stewardship and Commercial Service Plans. We will formally present this information at our annual Customer Liaison Meeting which is typically held in January before the start of the new sales year from 1 April.

Timber sales for each of the scheduled sales events will continue to be offered via the electronic timber sales platform originally introduced in January 2017. This service is delivered in collaboration with Forestry and Land Scotland and Forestry England.

The e-auction offer also provides more opportunity and allows more flexibility in how we sell and offer timber to the market annually.

We will offer a minimum of four sale points each year via the open market approach. We may increase that offer through interim sales where the opportunities or demands arise for the benefit of the WGWE, and where we can uphold compliance of timber sale activities.

Any future approach or offer to market that can benefit innovative or niche market opportunities and long-term contracts will be a maximum of 30% of our total volume offer, so the main sale programme will be a minimum of 70% of our volume offer each year.

Certification, good practice and health and safety standards

Our management of the WGWE is externally audited each year to international standards of forest certification, as set out in the UK Woodland Assurance Standard (UKWAS).

Being certified against UKWAS shows we sustainably manage the WGWE reaching Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification (PEFC) international standards and can certify our forest products to both FSC® and PEFC.

NRW will fulfil its responsibilities as landowner, and where appropriate Forest Works Manager (FWM), and will require customers to fulfil their responsibilities as set out in industry guidance Managing Health and safety in Forest Operations.

NRW is a signatory of the Forest Industry Safety Accord (FISA) and we remain committed to playing our role in helping improve standards of safety in forest operations. We will also play an active role in supporting FISA initiatives to improve safety performance and will expect customers and contractors to take a positive approach to supporting improvements in safety culture and performance.

The Timber Sales Pre-qualification questionnaire and Health and Safety Questionnaire approval will remain a pre-requisite for customers when considering any bids for timber sale activities on the WGWE.

There will be no compromise on safety performance on sound silvicultural, environmental or health and safety standards on any types of contract, including community or social enterprise agreements.

Innovation and community support

NRW is committed to making a contribution to sustainable local and community development through the demonstration of multipurpose use of our woodland. We will manage these commercial activities in the context of NRW's Well-being Objectives and within the remit to deliver against the Sustainable Management of Natural Resources (SMNR) principles.

We will develop ways of using our timber to support community and other social enterprise activities as well as developing supply chains for beneficial activity, such as timber in construction. For this and the alternative supply models discussed earlier, we will use up to 30% of the volume of timber we produce for such innovative and new emerging market opportunities in Wales, all the while upholding the commitment to compliantly deliver a timber supply to the forest and wood processing sector.

We will work alongside our forest and wood processing sector partners and the Welsh Government to identify opportunities and risks to create an enabling provision to work with others.

Communities and Social Enterprises

Since its inception in April 2013, all timber sales and marketing plans developed by NRW have included a commitment to provide access to woodland and timber for the benefit of community and other social enterprises.

During this plan period we aim to establish a mechanism that enables us to work with communities and the third sector for the provision of access to timber on the WGWE.

This work will be strengthened by collaboration, openness and consultation with our partners. We will also work closely with the Welsh Government to ensure key outputs align with wider government policy and ambition.

Such an approach would need to be undertaken with due diligence and scrutiny to demonstrate such added value beyond monetary values.

Our contribution to a circular economy

Wood, as a natural and renewable material, has huge advantages for sustainability, and it is becoming increasingly necessary to think beyond its first use. As well as caring about how our timber is grown and managed, we also need to consider the next steps of its journey.

With the use of correctly managed forests, timber can make a significant contribution to Wales' circular economy and create a more sustainable construction industry by locking in carbon in wood used in housing developments.

It is a significant ambition of the Welsh Government and of our customers, to see more of the timber grown on the WGWE used in housing development in Wales.

This may be enabled and supported by the provision of a chain of custody from sawmill to the end user which will provide data by which to benchmark the amount of timber entering the Welsh housing market year-on-year.

Some of the current supply chain for Welsh timber is bound for markets beyond Welsh shores. Ensuring more 'Made in Wales' timber is used in buildings or wood-based construction products in Wales will enhance the nation's circular economy and will, in time, offer the potential for an increased timber value.

We will work in collaboration with the forest and wood processing sector and with the Welsh Government to identify any opportunities that exist to make a greater contribution to the Welsh housing sector and, ultimately support a burgeoning circular economy for the nation.

People, Planet & Prosperity

In order to be sustainable, decisions that affect woodlands shall be measurable with economic, and environmental considerations, and consider present and future needs.

When the three pillars are effectively considered, decisions have a greater chance of achieving sustainability.

As part of NRW's wider ambitions to embed good governance arrangements, to achieve our sustainability goals and in compliance with The Well-being of Future Generations Act (2015) and the Environment (Wales) Act (2016), we will aim to apply a measurable Planet, People and Prosperity approach (3P approach) to how we sell timber.

In doing so, we aim to give assurance to our partners, customers and wider stakeholders that we are committed to demonstrating a high standard of corporate governance and a commitment to environmentally appropriate, socially beneficial and economically viable forest management.

We recognise that this will signal a new approach for many in the Welsh forestry sector. As such, we will seek to deliver a pilot scheme in collaboration with industry representatives to enhance the marketing and promotion opportunities of Welsh timber.

NRW will:

- Identify a measurable mechanism to further improve delivery of PPP via how we sell our timber and the way our timber is used.
- Work with Housing Associations and Wood Knowledge Wales to identify supply chain deficiencies and opportunities to promote the use of more Welsh timber in Welsh homes.
- Explore the opportunity to create a chain of custody for Welsh timber beyond the forest gates.
- Develop a gateway approach for customers who demonstrate their contributions to ESG credentials to buy timber.

Performance management

We will continue to provide annual updates against performance of delivery of the timber sales and harvesting activities on the WGWE as retrospective sale figures through the provision of:

- Forest Research annual figures for the GB standing sales index.
 - Performance of end-of-year figures for roadside and standing timber sales.
 - Safety and environmental standards and performance of timber harvesting on the WGWE.
 - Achievement of targets for replanting
- Key performance of timber sales includes:
- Published sale events.
 - Annual programme delivered in income and volume.
 - Publish of upcoming annual sales plan, in October preceding the sales plan year.
 - Publishing the financial accounts for forestry managed on the WGWE via the annual NRW annual report and accounts.

Standards of customer care

NRW is committed to deepening our relationship with our customers and partners to support their evolving needs, as well as the needs of the customers they serve.

We work to our customer care and service standard which applies to all our areas of work and clearly explains what customers can expect of us.

This includes:

- Adhering to the Freedom of Information Act)
- Complying with the Welsh Language Standards
- Providing a professional and efficient service through our customer care centre.

Timber haulage

Timber haulage is an important part of the forestry life cycle in Wales, but often relies on using roads that were not designed for heavy traffic.

NRW is committed to supporting timber haulage best practice and will aim to minimise the environmental and social impact by:

- Supporting the [Road Haulage of Round Timber Code of Practice 2020](#)
- Enable the continuation of the Tywi Forest Timber Transport Forum in partnership with local authorities and private forest sector industry representatives.
- Implement the monitoring of overloading on the WGWE and share data with the Driver and Vehicle Standards Agency (DVSA), the Traffic Commissioner for Wales and the Government Agency Information Network (GAIN).

Dealing with unforeseen events

NRW recognises the impact unforeseen events such as forest fires, disease outbreak and extreme weather events can have on our customers, on the wider forest and wood processing sector and on tourism and recreation activities.

In such circumstances, NRW will:

- Keep the Welsh Government, our customers and the industry informed with regular communications through officials, our industry representatives, through Confor and – where possible – to customers directly. We will also share the latest information with audiences via our communications team, on our website and social media channels to targeted audiences.
- Wherever possible we will aim to minimise the impact to our customers by dealing with the events swiftly.
- In exceptional circumstances, we may decide to negotiate the sale of timber directly with customers that are able to respond quickly to unexpected events.

Managing the outbreak of disease

Trees and plants in the UK are vulnerable to a range of new pests and diseases such as Chalara ash dieback and larch disease *Phytophthora ramorum*. Outbreaks can seriously threaten sustainable forest management, lead to economic losses and impact on tourism and recreation activity.

Plant health and disease management will remain a strong focus for the duration of this plan.

The remaining identified larch volume available for felling and removal in the five-year period is 331,340m³ and will be brought to market to mitigate or slow down the spread of *Phytophthora ramorum* disease.

Wherever possible we will avoid stem injecting larch stands to comply with Statutory Plant Health Notices. We will adjust immediate sales plans as required to accommodate prompt felling and removal of diseased larch stands from the WGWE.

We will continue to manage Chalara ash dieback infected trees on the WGWE and where opportunities arise to market produce from these operations we will do so. Many of the ash stands are of low volume and are likely to be undertaken as a service contract with timber derived, sold as a roadside sale.

NRW will:

- Continue to prioritise sanitary fellings as necessary and will reserve the right to adapt programmes to accommodate such immediate operations as necessary.

Severe weather events

With climate scientists predicting more frequent periods of extreme weather events in the future, we will aim to minimise the potential impacts on our timber sales, our customers and our operations wherever possible.

We will do this by:

- Ensuring our business continuity plans account for any potential impacts of extreme weather on our operations with a view to assuring continuity of supply of timber from the WGWE to the wood processing sector.
- Reserving the right to temporarily suspend timber operations and supply on the WGWE in response to extreme weather events to ensure the safety of our colleagues, our contractors and the environment.
- Not substituting timber sales contracts where access has been restricted due to severe weather.

Annex A – Production forecast summary

The following figures are an extract of the production forecast.

Figure 1. Clear fell and thinning volumes available as growing stock on the WGWE over 5-year periods and volumes in cubic metres.

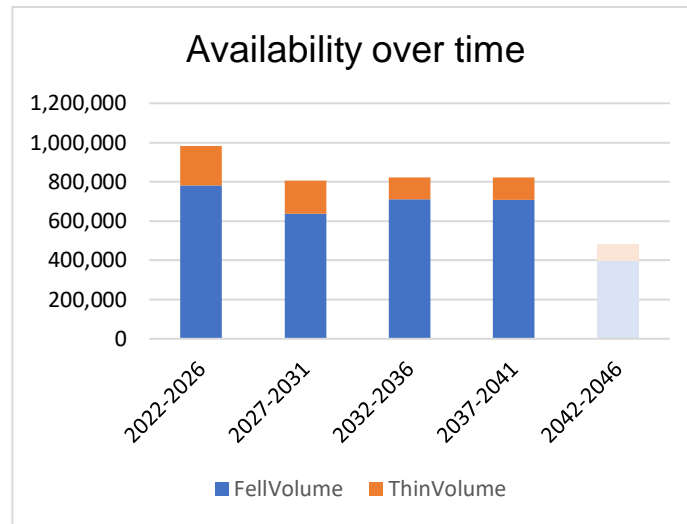


Figure 2 and 3: Available volumes on the WGWE presented by NRW regional boundaries

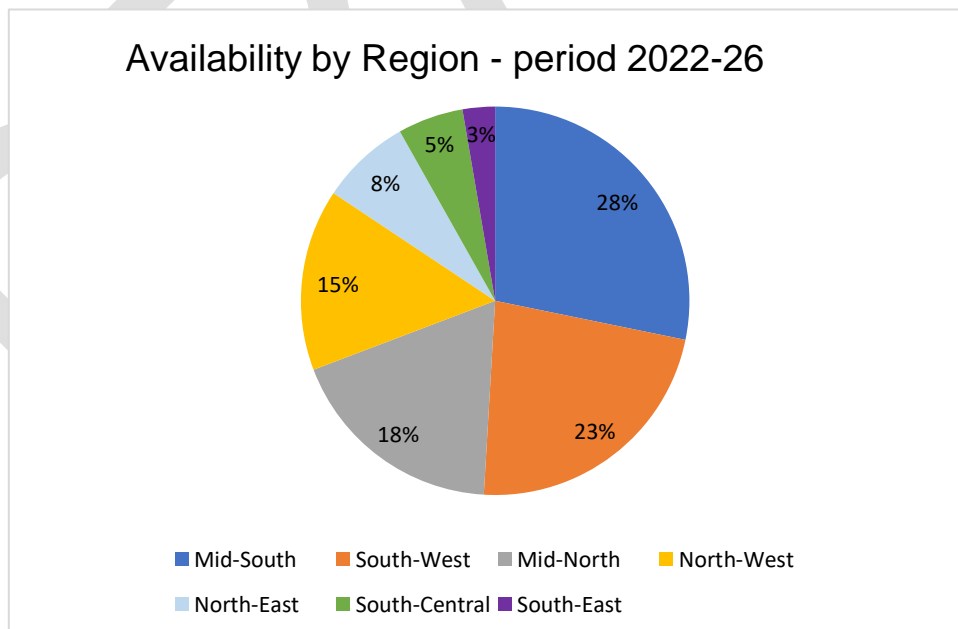


Figure 3

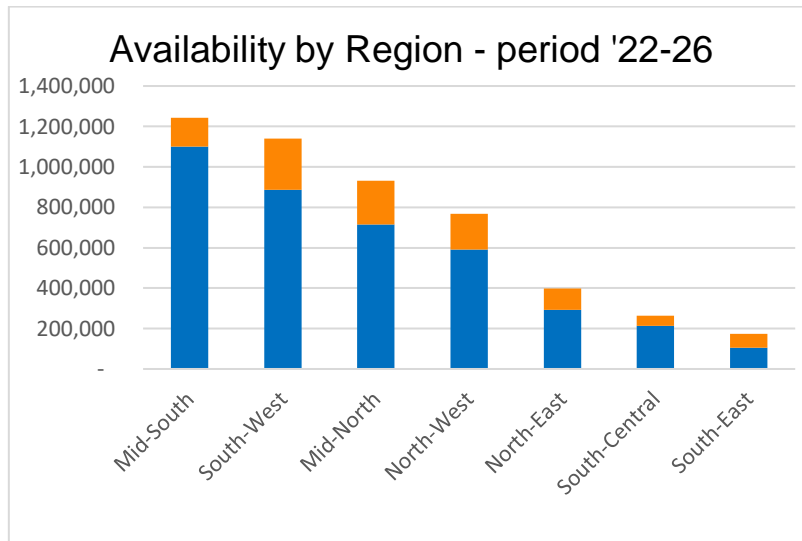


Figure 4: Production forecast assessment of timber product availability for the 2021-2026 period for clearfells, by top diameter range

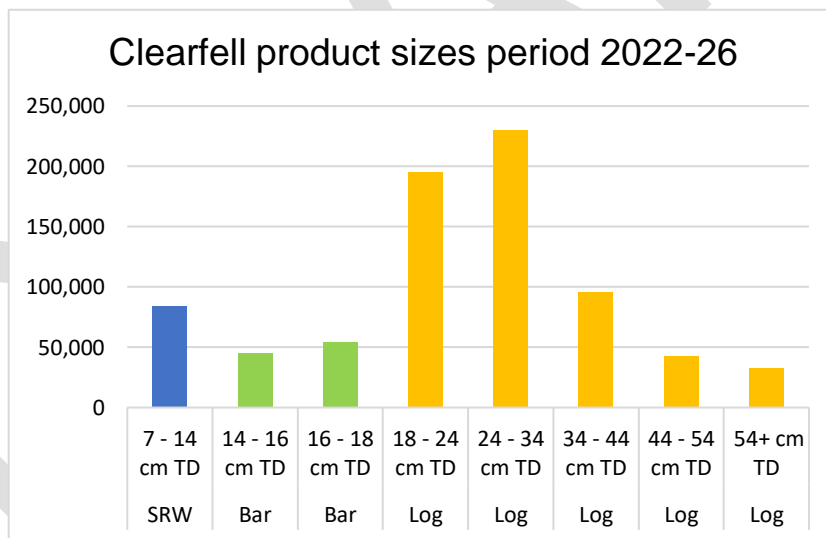


Figure 5: Proportions of Clearfell and Thinning volume

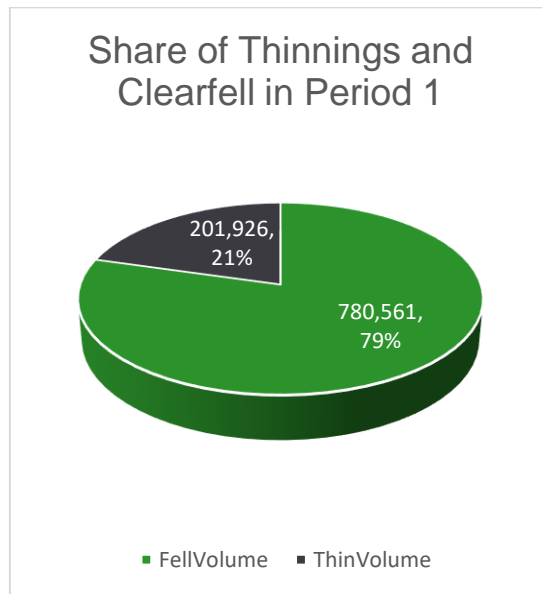


Figure 6: Tree species distribution of volume available in 2022-2026 felling period

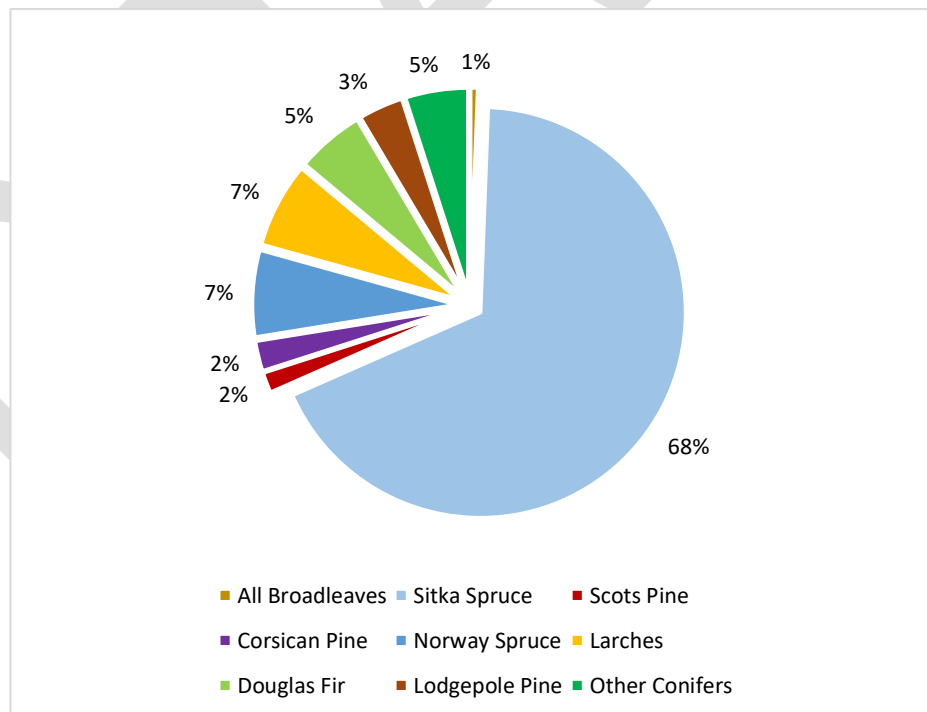


Table 1: Available volumes and hectares on the WGWE presented by NRW regional boundaries

Total Fell & Thin
availability in
Coupes Period
1 (2022-26)

Region	Felling		Thinning		Combined
	Area (ha)	Volume	Area (ha)	Volume	
Mid-South	2076.5	1,101,553	2,899.6	141,035	1,242,588
South-West	1813.2	886,171	5,020.4	252,570	1,138,741
Mid-North	1490.1	713,914	4,761.2	216,336	930,250
North-West	1295.4	590,543	4,279.1	177,692	768,235
North-East	675.5	292,301	2,311.5	104,619	396,920
South-Central	490.3	213,055	968.1	49,369	262,424
South-East	221.9	105,271	1,502.1	68,009	173,279
Wales Period 1	8062.6	3,902,808	21,741.9	1,009,630	4,912,438
Avg Annual	1,612.5	780,562	4,348.4	201,926	982,488

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List of main research papers, websites and related documents read during development of the report

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Timber Sales and Marketing Plan: Consultation summary

1. This document presents the summary of responses to the consultation on the Timber Sales and Marketing Plan and Natural Resources Wales' (NRW) response.

Introduction and purpose

2. The aim of this consultation was to inform the development of Natural Resources Wales' five-year Timber Sales & Marketing Plan for the Welsh Government Woodland Estate (WGWE) for the period of 1 April 2021 – 31 March 2026.
3. NRW manages the Estate on behalf of the Welsh Government in accordance with the principle of the sustainable management of natural resources.
4. Timber production contributes to a prosperous timber processing and forestry sector and is recognised as a key contributor to sustainable forest management and natural resources. It contributes to improved biodiversity and natural habitats, improves the water quality of wooded catchments, and provides attractive places for recreation and community involvement. It also plays a key role in the net emissions reduction process as when the tree is harvested the carbon remains stored in the timber until the end of its physical life.
5. NRW's ability to contribute to and to achieve these wider goals is influenced by its timber harvesting and marketing operations.
6. The new Timber Sales and Marketing Plan will help maintain NRW's certification to the UK Woodland Assurance Standard (UKWAS) and to ensure that the body delivers against the relevant policy objectives set out in the Welsh Government's 50-year strategy for trees and woodlands in Wales "Woodlands for Wales".
7. It will focus on a transitional period that will set the pace and direction for the future, taking into consideration, and being flexible to, any potential impacts on future trading positions and opportunities resulting from the UK's exit from the European Union. It will also consider the production forecast of the WGWE which is expected to reduce from 2027, and as NRW implements the ambitions of new legislation set out in the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016.

Timescales and methodology

8. The consultation was launched on 1 September 2020 and closed on 3 November 2020.

9. It was published on the Citizen Space website and responses were invited in electronic format. PDF version of the consultation documents were also created and sent to respondents who requested to review them in this format ahead of submitting their online responses.
10. Given the impact of Covid-19 restrictions, face-to-face engagement opportunities were not possible. However, the consultation was supported with communications activity on social media and via newsletters, press releases and news stories on the NRW website.
11. Stakeholders were provided with the details of a dedicated email and telephone contact within NRW who was on hand to provide support, and to answer any questions or queries in relation to the drafting of consultation responses.

Responses

12. People were asked to submit their suggestions on how NRW should market its timber sales activities for the benefit of both the forestry sector and the people of Wales.
13. NRW received 56 responses across a broad spectrum of stakeholders. These included representatives from the forestry and wood processing sector, community interest groups, housing associations, Welsh Government, the third and voluntary sector and NRW staff.
14. NRW is grateful for the time and effort of all those who took part in the consultation and for the insight and experience brought to the process.
15. There is a clear commitment from stakeholders, customers, from the Welsh Government and from the NRW Board for this engagement to continue and for productive collaborations to be formed as the key areas of the transitional plan evolve and lead to the implementation of a plan that safeguards the future of natural resources on the WGWE.
16. Stakeholder comments on the plan and the emerging themes are summarised here in draft.

Key themes

17. This section provides an indication of the predominant themes and trends emerging from the comments received in response to the consultation. It also includes NRW's initial response to them.
18. Responses were analysed for recurring themes to build a picture of the main issues of importance to the reader. It is not an exhaustive list but simply an indication of the subject areas that received most attention from respondents.
19. There follows an overview of the main themes emerging from the responses which will be included in the final plan.

20. The key themes are:

People, Planet & Prosperity

Consultation responses:

21. The scheme should take into account non-financial benefits rather than having a single focus on price. The consultation document referred to this approach as the triple bottom line.

NRW's response:

22. We will continue to develop this approach alongside the Welsh Government and seek to test models for the future before embedding such a new approach into timber sale activities.

23. We acknowledge the need to create a fair playing field for customers, communities, social enterprise and innovation.

24. We will need to create a model that is not overly bureaucratic. We will encourage all business and SME participation in such an approach. To achieve this, NRW will undertake an impact assessment of the model for the future.

Timber supply: Sales methods and volumes

25. This production forecast identifies 982000m³ of available timber on the WGWE.

26. NRW recognises that individual annual programmes will be dependant and assured by the forest management programmes required of the estate to demonstrate sustainable management of natural resources.

27. The annual volume to be offered to market for the year 2021-2022 will be 830'000m³.

28. The year's sale programme during this first period will be dominated by the continuation of open market tenders together with e-sale auctions when the IT system is made available.

29. The future offer of timber sales to the open market may vary in future years. Any such changes to the programme will be communicated via trade liaison events, and with 12-months' notice wherever possible.

30. We recognise that any such reductions will see the timber reserve retained for future years. It could also fulfill the ambition to develop other innovative woodland use, such as community woodland management, social enterprise, industry development of supply chains with housing associations and others, and long-term contracts to secure new investment and capacity for the future. As such, the volume offer is not expected to be reduced but could instead be offered to the wood processing sector via a different route. In these cases, NRW would need to put measures in place for continued active woodland management.

31. This will be a transitional plan that will bring about change for the future. Beyond 2026, the 5-year production forecast reduces in available volume to 4000'000m³ (or 800'000m³) per annum.
32. For the duration of this plan the offer of timber to the open market via e-sales will aim to go no lower than 70%. This could, however, be impacted by external market forces or unforeseen catastrophic events.
33. There was no consensus in the responses to the consultation of sale methods as either standing sales or roadside sales.
34. The retention of roadside sales brings a range of benefits, such as the management of the public estate through the direct control of some harvesting operations, and the retention of key industry skills and market testing. As such an element of roadside sales will continue alongside the preferred standing sales method.
35. For the financial year 2021-2022, the roadside sale offer has been calculated at 93000m³ with the standing sale offer calculated at 737'000m³. The total combined figure of 830'000m³ aligns with the NRW land service plan to deliver sustainable management of natural resources.

Working with communities and social enterprises

36. The development of a community agreement approach to enable communities' access to managing woodlands and timber to benefit woodlands and or social enterprises has been evident in the timber sales and marketing plan since the creation of NRW.

Consultation response:

37. The consultation responses did present a consensus that such an approach would be of benefit to the people of Wales, alongside a remit to develop such an offer from the Welsh Government.

NRW response:

38. Clarity and parity surrounding good forest management, health and safety management, retention of Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification (PEFC) international standards and an open and transparent offer will need to be established.
39. During the plan period NRW will develop a series of pilots to bring forward more innovative community projects, whilst also ensuring a fair and open process, clarity over agreements, abidance with the legislative framework of the Forestry Act, the Well-being and Future Generations Act, Public Law and State Aid, and complemented by an equality impact assessment.
40. The Welsh Government is establishing a working group to pursue this ambition and NRW is involved in the group.

41. Since its inception in April 2013, all timber sales and marketing plans developed by NRW have had at their heart a community agreement which provides access to woodland and timber for the benefit of social enterprises.

‘Made in Wales’ timber in Welsh construction

Consultation response:

42. It is a significant ambition of the Welsh Government and of those that responded to this consultation, to see more of the timber grown on the WGWE used in housing development in Wales.

NRW response:

43. Upon analysis, there is little baseline data to indicate how much timber from the estate enters this market area although we recognise that there are ongoing initiatives to develop an evidence base for this. This suggests that there is now an opportunity to develop a chain of custody from the sawmill to the end user which will provide data by which to benchmark the amount of timber entering the housing market year on year.

44. There may also be a facilitation role for NRW to play in enabling more access to the marketplace. However, further engagement with customers and with stakeholders will be required before any such action is implemented.

45. In direct response to the feedback provided during this consultation, a working group will be established and tasked with analysing the current market position to determine where greater collaboration is required, and to identify where developments can be made. The overall aim will be to pinpoint where this sector can make the greatest contribution to Wales’ circular economy.

46. Our ambition under this theme is to:

- Identify and record the timber chain of custody beyond the forest gate
- Understand supply chain logistics and the opportunities and barriers for the use of Welsh timber in Welsh construction.
- Align this work with the development of the Welsh Government’s circular economy plan
- Define the purpose of the WGWE for the supply of timber to innovative industry

Improving health and safety and environmental performance of forestry activities

Consultation response:

47. Those that responded to the consultation were unanimous in the view that all health and safety and environmental standards in forestry operations should be upheld, and that a fair and transparent approach is taken across all customers, communities and wider stakeholder groups.

NRW response:

48. There will be no compromise on safety performance on sound silvicultural, environmental or health and safety standards on any types of contract, including community or social enterprise agreements.
49. NRW will fulfil its responsibilities as a landowner and, where appropriate, Forest Works Manager (FWM), and will require customers to fulfil their responsibilities as set out in industry guidance Managing Health and Safety in Forest Operations.
50. NRW is a signatory of the Forest Industry Safety Accord (FISA) and remains committed to playing its role in helping improve standards of safety in forest operations.
51. NRW will play an active role in supporting FISA initiatives to improve safety performance and will expect customers, contractors and wider stakeholder participants to take a positive approach to supporting improvements in safety culture and performance.

Performance management and reporting

Consultation response:

52. Responses to the consultation highlighted the value placed on the provision of statistics and retrospective reporting on an annual programme.

NRW response:

53. As part of the need to comply with Public Law and Procurement Regulations, NRW will maintain its stance on the non-disclosure of individual bids that may contain commercially sensitive information (e.g. valuation and full sale results).
54. As part of its performance management and reporting duties, NRW will:
- Report the in-year and accumulative 5-year performance figures of volumes of timber offered for sale, timber despatched and resulting income from timber sales on an annual basis at the very minimum.
 - Provide information relating to the replanting programme on the WGWE.
 - Report on progress and performance of the woodland creation programme for both the public and private sector in Wales.
55. We will also continue to provide annual updates against performance of delivery of the timber sales and harvesting activities on the WGWE as retrospective sale figures through:
- The provision of end-of-year figures for roadside and standing timber sales.
 - The provision of safety and environmental standards and performance of timber harvesting on the WGWE.
 - Published sale events.
 - Publishing the upcoming annual sales plan in the October preceding the sales plan year.
 - Publishing the financial accounts for forestry managed on the WGWE via the annual NRW annual report and accounts.