



## DIRECTOR'S REPORT FEBRUARY 2010

### RESPONDING TO CLIMATE CHANGE

#### Harvesting & Marketing - *Programme 1: Establishment and silviculture*

1. The volume of timber despatched to the end of January 2010 equates to 706km<sup>3</sup>. This buoyant uptake is above budget profile and reflects limited supplies from private sector woodlands and strong demand for biomass. We have worked closely with timber customers to enable them to access timber during the January snow and ice. Roads are in a very fragile state after the prolonged frost but providing that the cold weather does not return, production will return to normal levels in February. Despite the disruption, our current forecast indicates an end of year outturn of 840km<sup>3</sup> against a sales plan of 770km<sup>3</sup>. We are set to meet our thinning target of 180km<sup>3</sup>.
2. Customer activity remains buoyant across Wales in both the traditional sectors of construction, fencing and particleboard manufacture as well as the developing market for biomass for energy and heat. Whilst the actual construction industry and new housing markets have been slow throughout the year, leading to tough trading conditions, we are now seeing increasing demand and customers order books due to increasing liquidity in the mortgage market and the relatively weak Pound against the Euro. This favours the home markets, and the National House-Building Council indicate a 45% increase in new housing applications in the third quarter of the year. The prognosis for next year is therefore cautious optimism.
3. The fifth of our annual electronic timber sales will take place on 3<sup>rd</sup> February and we are glad to report that we will market the full published sales plan, despite difficult trading and weather conditions.
4. The severe weather over the Christmas period has caused significant disruption to the timber supply chain in Wales and beyond. We have been in close consultation with the trade bodies and have introduced a range of measures to maintain timber supply as much as possible. Production levels for the first three weeks of January were at 25% of normal levels and rose to 70% in the last week of the month.

## ***Combating Climate Change: A Role for UK Forests by Professor Read - Programme 1: Establishment and silviculture***

5. We have organised two events to facilitate the dissemination of this report in Wales. Firstly, Professor Read will present the report to the Minister for Rural Affairs, Assembly Members and invited key officials and stakeholders in the Senedd in March. This will be followed up in May when scientists from Forest Research will present the findings to a wider group of Welsh stakeholders.

## ***Rural Development Plan – Programme 1: Establishment and silviculture***

6. I recently met with the Head of Countryside Policy in the Department of Rural Affairs to discuss the arrangements for FC Wales to input to the next Welsh plan. A senior FC Wales manager will be invited to sit on the Project Board for the development period. We will also be inputting to the mid-term evaluation of the current Rural Development Plan (RDP), which is a crucial parallel strand influencing the next RDP.

## ***Better Woodlands for Wales - Programme 1: Establishment and silviculture***

7. Demand for Better Woodland for Wales remains strong. To date 1361 Better Woodland for Wales cases have entered into the scheme and are at foundation stage or beyond. 646 cases have been approved totalling 24,157ha, with an average scheme size of 35ha. The recent adverse weather has had an impact on forestry operations and we have extended the claim deadline for 2009/10 to 26<sup>th</sup> March 2010 to provide an additional month to carry out operations and claim grant.

## ***PLANT! - Programme 1: Establishment and silviculture***

8. To date 61,432 certificates and letters have been posted to parents. A community consultation is due to take place in February for the second site in north Wales near Wrexham. Public sector landowners are being approached to secure future sites for the next phase of the Plant! project.

## ***National Assembly for Wales – Petitions Committee Programme 1: Establishment and silviculture***

9. I provided written and oral evidence to this Committee in response to a petition sponsored by Coed Cadw/Woodland Trust calling for more new woodlands in Wales. FC Wales welcomed the Coed Cadw's advocacy for more new woodlands, as this is in line with the ambitions of *Woodlands in Wales*. I also informed the Committee that Ministers are responsible for setting targets for woodland creation. Our evidence also discussed a range of delivery tools for woodland creation.

## **Phytophthora - Programme 2: Tree protection and health**

10. We have identified an additional area around the Dyfi Valley in Mid Wales for enhanced grants towards rhododendron control to reduce the potential spread of Phytophthora species.

## **Forest Quarantine Panel of the European and Mediterranean Plant Protection Organisation Conference – Programme 2: Tree protection and health**

11. The Minister for Rural Affairs has agreed to open the conference in Cardiff Bay in March. It is an intergovernmental organisation responsible for European co-operation in plant health. Its objectives are to protect plants, to develop international strategies against the introduction and spread of dangerous pests, to promote safe and effective control methods, and to participate in global discussions on plant health.

## **Wood Energy Programme - Programme 3: Renewable energy**

12. Over 120 businesses have registered an interest in this scheme, 30 of which have submitted applications worth approximately £1.5 million. Of these, 12 have so far been approved with a total grant value of £319,000. Of the 12 schemes approved, 10 are wood heating schemes between 20kw and 100kw and two are wood processing projects. The Minister for Rural Affairs, Elin Jones AM will be attending a promotional event at Clifford Jones' Timber pellet factory on 25<sup>th</sup> February 2010.

## **WOODLANDS FOR PEOPLE**

### **Access to Inland Water - Programme 5: Recreation and access**

13. Our evidence presented to the National Assembly for Wales' Sustainability Committee on access to inland water in November was confusing and controversial. I subsequently wrote a letter of apology to the Chair of the Committee to clarify our evidence. I have also reviewed our internal procedures for dealing with Assembly Committees as a result of this case.

## **IMPROVING ENVIRONMENTAL QUALITY**

### **Red Squirrel Survival Trust - Programme 10: Site based biodiversity, heritage and landscape**

14. Following the recent exchange of letters between the Director General with this Trust and its patron His Royal Highness Prince of Wales, colleagues are scheduled to meet with the Trust's National Operations Director.

## **DEVELOPING A COMPETITIVE AND INTEGRATED FOREST SECTOR**

### **Wales Forest Business Partnership - Programme 8: Promotion of timber**

15. The restructuring of the Partnership is complete and it has successfully obtained additional short and medium term funding from the Department of Economy & Transport to support delivery of programmes that are closely linked to our Programme 8.
16. Wood Knowledge Wales is developing its theme of utilising more home grown timber through a series of seminars. The first seminar examined the problems and successes of using home grown timber. Future events will look at timber windows, timber cladding, timber grading, and the use of silvicultural mixtures linking the forest to the demands of the end user. Wood Knowledge Wales is a partner with Welsh universities in a programme to deliver studies funded under the Welsh Assembly Government's A4B programme, aimed at developing more effective knowledge transfer mechanisms, to commercialise Intellectual Property and to develop new products and processes. It is also engaged in the development of Low Carbon Housing, a project initiated by the former First Minister and supported by the new First Minister. Wood Knowledge Wales' involvement in this work has been secured through the involvement of the Chairman, Phil Roberts, and the Warm Wales Initiative.
17. Wood Fuel Wales has appointed its Wood Fuel Development Officer with an ambitious programme to promote the use of wood as a fuel and a Wales Wood Fuel Quality Scheme.
18. Wood Source Wales has overhauled its website [www.woodsourcewales.co.uk](http://www.woodsourcewales.co.uk) aimed at making it the main driver for Wood Source Wales and a key marketing tool for timber business in Wales.

## **BUSINESS MEASURES**

### **Performance and Business Measures**

19. For our 9 performance measures and 30 targets, 1 target has been identified as unlikely to be met, with a further 6 identified as a cause for concern. As reported previously, work is underway to establish baselines and develop targets for 8 of the targets. We are also exploring ways to obtain more meaningful data for the target that is currently unlikely to be met (hardwood volume harvested - both on and off the Assembly Government Woodland Estate).
20. For our 9 business measures, 1 target is identified as red, with a further 2 identified as amber. Further attention is being undertaken to the 'red' (business sustainability) and amber targets.
21. As part of our continued focus on Strategic Performance Management, I recently attended, with my Head of Policy & Programmes, a one-day workshop on advanced techniques for performance management in the public sector.

### **Strategic Guidance for Minerals Development on the Assembly Government Woodland Estate**

22. We have developed guidance which both interprets Welsh Assembly Government mineral policy and provides managers with pragmatic guidance on where, when, how and with whom mineral working should be encouraged. Previous practice has largely been to be reactive to requests for mineral development, particularly in relation to drift mines and opencast coalmines. The guidance provides managers with the tools to enable them to take more control over the location and timing of minerals development.

### **Communications**

23. My Communications Team has been working with managers to ensure we are prepared and able to respond on issues that have the potential to damage our reputation. We have put in place Communications Plans to explain our decision to change the management of the visitor centre at Bwlch Nant yr Arian, to support the reasons for changing the way in which we procure our engineering contracts, and to communicate the changes in the sale of firewood from the Assembly Government Woodland Estate. These plans address all of the relevant audiences, map possible scenarios and provide clear lines to take.

### **Collaborative Working**

24. I am working closely with the Chief Executive of the Countryside Council for Wales and the Director of Environment Agency Wales to explore more collaborative

working opportunities. We will concentrate on both outcomes and corporate services. We have asked for an interim report before the end of February 2010. Wales Audit Office will shortly audit our continued contribution to *Making the Connections: Delivering Better Services to Wales*. The initiative sets out the Welsh Assembly Government's vision for improved public services in Wales.

### **Assembly Government Woodland Estate Research Project**

25. A project manager has been appointed to take forward this study, which aims to present options and recommendations to the Minister on how best to take forward the long-term management of the public forest estate in Wales.

### **Royal Welsh Show 2010**

26. We have maintained a successful presence at the show but I now plan to make improvements to ensure it reflects the messages contained in the recently refreshed Woodland Strategy and Corporate Plan. Another important driver was the need to relocate our presence as a result of the imminent removal of the pavilion. This year's presentation will be clearly focussed on the school children and young people who make up the majority of the visitors to the FC Wales stand. My Education Team will aim to deliver simple, clear messages about the role that trees and wood can play in mitigating climate change.

### **Employee Opinion Survey 2009**

27. FC Wales has made good progress since the last survey in 2005. Almost all staff understand how their work contributes to their team's objectives and how their team's work contributes to the success of the organisation. There were also high scores for our approach to health and safety. On the other hand, only one in four members of staff believe that the organisation looks for the underlying causes rather than quick fixes when problems occur. Most staff feel the organisation is not good at taking risks, or sharing ideas and best practice. Our most improved areas include communication of our purpose and direction, a sense of pride in the organisation, career development and job security. Our least improved areas include people's satisfaction with their total reward package, challenging our traditional ways of doing things and being prepared to take risks. Overall FC Wales scored at or above the GB average in 10 out of the 13 sections. In the remaining three sections, our scores were no more than three percentage points below the GB average. Each Cost Centre Manager will prepare local action plans to identify and act on areas for improvement.

**Trefor Owen**  
**Director FCW**  
**February 2010**