

Business Plan 2024

1. The company

Purpose and vision

Confor is a not-for-profit members' organisation that represents, supports and promotes the sustainable forestry and wood products industry. Its vision is to be the voice for the industry.

We aim to achieve this by working on behalf of members and the wider sustainable forestry and wood products industry to:

- help build the market for wood products and forest services;
- create a supportive policy environment for sustainable forestry and wood-using businesses;
- work with partners to tackle important sectoral issues;
- provide high quality, valued member services.

Legal status

Confor (The Confederation of Forest Industries (UK) Ltd) is a not-for-profit 'company limited by guarantee and not having share capital'. It is owned by Confor members, and they are represented through the Advisory Board and Management Board.

Subsidiary and joint venture

Confor owns the APF International Forest Machinery Exhibition Ltd. It has co-owned Wood for Good Ltd as a joint venture with Swedish Wood, though this company is being wound up in 2024. This business plan refers only to the parent business, Confor.

Governance

A Management Board (MB) of up to 6 people plus the CEO is chaired by the Chair of Confor and is responsible for good governance and ensuring Confor meets its statutory obligations. The members of the MB are the Directors of the company and serve as individuals, not as representatives of their business or their part of the sector. An investment sub-committee works with the CEO to set and review the investment strategy for Confor's financial investments and considers whether funds from the investments could be withdrawn and made available to support current project work in Confor's Business Plan.

An Advisory Board (AB) is in place to provide strong member input and feedback through a high-level forum for members. The AB works with the CEO to establish and monitor Confor's programme of work, which is then formally signed off by the

MB, and discusses and advises on arising matters. The AB also receives the agendas and minutes of the MB's meetings and the Chair will update the AB on substantive matters arising from the preceding meeting of the MB.

Services to members

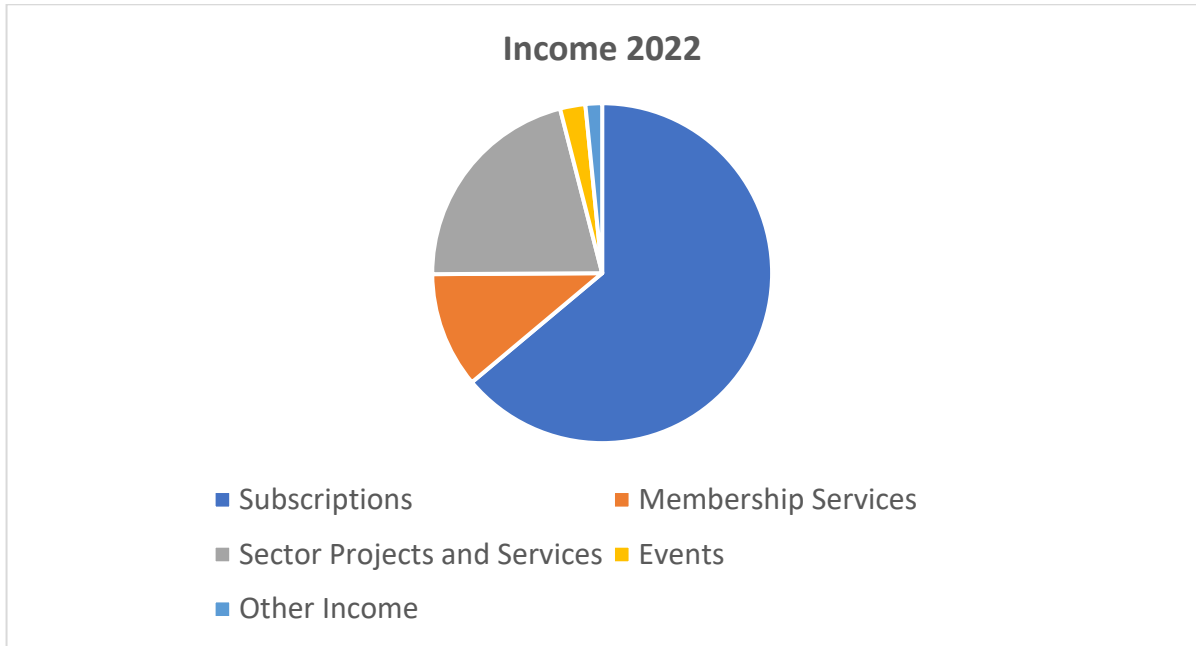
Confor provides a range of important services, including representing members with governments plus their departments and agencies, working with members to tackle strategic challenges to the growth of the sector, providing information through a members' magazine and Enews, promoting wider awareness and understanding of the sector, helplines and product deals, organising events, meetings and shows for members and supporting networking with peers, including an annual awards dinner.

Financial Overview

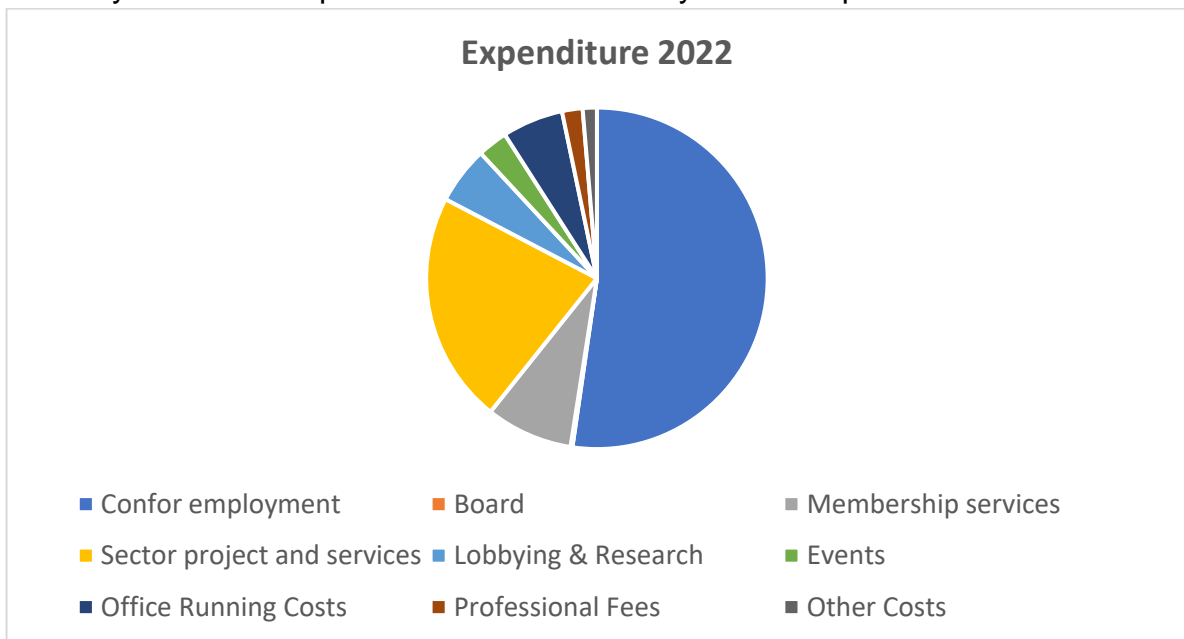
The table below shows Income and Expenditure for 2020, 2021 and 2022 as well as budgeted expenditure for 2023 and 2024.

	2024 Budget	2023 Budgeted	2022	2021	2020
	£000	£000	£000	£000	£000
Income	1,787	1,756	1,491	1,406	1,294
Expenditure	1,813	1,767	1,490	1,309	1,246
Profit/ loss before tax and investment movements	-25	-12	1	97	48

Confor is a Not-For-Profit Members organisation which tries to effectively and efficiently use members' funds to benefit the industry rather than to make a profit. Pleasingly Confor has grown income over the last few years which has allowed us to do more to benefit members as well as the wider industry. Subscriptions are the largest components of income and the other contributing income streams can be seen in the pie chart below.



The way that Confor spends this income is analysed in the pie chart below.



Sector projects and services include Timber Transport projects, work on the country Industry Leadership Groups, Inspiring Future Foresters in schools, Forest Machine Operator Taster events, Forest Industry Safety Accord (FISA) and UK Woodland Assurance Standard (UKWAS).

Confor has a strong Balance Sheet with a net asset position of £1 million at 31 December 2022. This includes £635,000 in a fixed asset investment portfolio and £395,000 cash at 31 December 2022. The table below shows the movements in Fixed asset investments. A further £100,000 was invested into Fixed asset investments during 2023, and these are managed by an external investment advisor in ESG funds invested for the medium to long term.

	26-Oct 2023	31-Dec 2022	31-Dec 2021	31-Dec 2020
	£000	£000	£000	£000
Fixed asset investments	704	635	771	736

2. Our Aims

A. Continue to build Confor as the voice of the industry

A key aim for Confor is growing the membership to help realise our vision to be the voice of the sector and better support the growth of the industry.

The forestry and wood processing supply chain is most effective when it speaks with one voice and is joined-up in tackling challenges to future growth. Experience also shows that politicians respond best when industry presents solutions that are recognised as reflecting the interests of the supply chain as a whole.

Growing the membership is a combination of retention and recruitment – Confor has significantly improved the latter since its inception, and looking ahead the focus now will be on recruitment. In 2024 the aim is for modest growth given that the team of National Managers have less than three years’ combined experience in Confor and they will have other work challenges and priorities.

Confor’s membership embraces nurseries to forest owners/managers to wood processing businesses and all points in-between, including those who provide services to the sector. The areas where Confor has most scope for further development is in forest/woodland ownership, contractors, working with panel-board mills and securing membership of other wood processing/using businesses.

A strong membership amongst forest owners is important for much of Confor’s advocacy activity and it would be worth exploring how a revised subscription model, potentially delivered alongside agent members, could deliver a net increase in income as well as in overall membership.

Strengthening Confor membership amongst contractors should include liaising with the Forestry Contracting Association, and in terms of panel-board mills Confor will reach out to the Wood Panel Industries Federation.

Note: Confor seeks to liaise with other organisations on our influencing and industry development to maximise impact, eg ICF, RFS, RSFS, CLA and SLE, the Wood Recycling Association, STA, TDUK and CTI. We will be working with these latter organisations very closely in the implementation of the National Wood Strategy and Timber in Construction Roadmap.

Proposed objectives:

- Identify target companies for membership, and develop and begin to roll out a plan to grow forest/woodland owner membership that will continue beyond 2024.
- Open dialogue with WPIF and FCA about closer working.
- Establish regular liaison with other influential representative bodies to establish shared interests and views that can be promoted.

B. Continue to build political influence with a focus on the General Election

More effective political engagement is required to give an often overlooked and misunderstood industry a more influential voice in the vitally important areas of policy making, regulation, grants and potential action by governments to increase demand for wood, improve productivity and create the confidence to invest at all points in the supply chain.

Forests and forestry, including new planting, are highly regulated through grants, the UK Forestry Standard, legislation and tools like the Woodland Carbon Code. Owners' long-term objectives and day-to-day decisions are heavily influenced by a range of public agencies with broad interests beyond the economy and jobs. How this plays out in our forests has clear impacts up and down the supply chain.

Those companies who process wood want to grow demand and have confidence about future supply of wood, as well as improve productivity and have an appropriately skilled workforce. These are all areas where a supportive policy environment and action by governments can make a positive difference.

In 2023, Confor has made big strides in securing commitment from the UK Government to support greater use of home-grown wood and secure the future supply of wood. Across the three countries of Great Britain, there are now Industry Leadership Groups working with the public sector to support the industry. Building and maintaining political support in each country is key, with the challenge in England of a likely change of government in 2024.

Confor's task is made challenging by the small size of the industry, the relatively limited resources available for advocacy and promotion, and the competition to be heard amongst the voices of powerful NGOs, other industries and vocal people and groups in the sector who are often motivated by interests other than economic activity.

Examining the political scene, we can see that the cost-of-living crisis and long-term slow economic growth has pushed jobs and growth up the agenda. Delivering net zero is still a target for UK Tories and Labour, though with less focus than before. Net zero is given more profile in Wales and Scotland, but in the latter action is being diluted by the profile being given to biodiversity and nature ahead of tackling carbon.

Proposed objectives:

- Confor's public affairs activity and its PA plan is kept under constant review and updates will be shared with the Advisory Board.

C. Tackle strategic challenges to growth and work towards agreed targets for future wood supply

As set out in section B, the public sector is an important player in the future of the industry and there is benefit in looking to work in partnership to develop the industry in each country and, as appropriate, across the countries.

The importance of supplying more home-grown wood and avoiding an increasing reliance on imports is becoming widely accepted for a number of reasons:

- Timber security as demand for wood increases at home and competition for wood increases abroad.
- The contribution to net zero and low-carbon growth and jobs.
- Funding the long-term sustainable management of our forests.
- Avoiding off-shoring our environmental responsibilities and impacts.

The following priorities for securing industry growth have been identified:

- Confidence in future wood supply, ideally through a minimum availability target agreed with government for the future annual wood fibre (hardwood and softwood) supply in each country.
- Securing a suitably skilled workforce, including a focus on safety and diversity.
- Growing the market for home-grown wood products, including increasing market penetration of home-grown C16 sawnwood.
- Improving efficiency and productivity in the supply chain.

The role of wood in carbon is becoming more recognised with the UK signing a commitment at COP28 to increase the use of wood in construction and both the Scottish and Welsh governments including it in their climate change plans. The Woodland Carbon Code has been established to facilitate carbon income for tree planting, but there is a danger that changes to financial additionality rules and the lack of accounting for harvested wood products will mean that the WCC undermines the contribution of planting to net zero targets.

Biodiversity Net Gain is another means by which governments are seeking to channel private money into delivering so called public goods or natural capital. The methodology being developed in England has limited compatibility with the way that forestry operates and there is also the challenge of a lack of data on biodiversity in productive woodlands to counter widely held misperceptions. Confor has secured support from Defra for further work in this area.

The publication of a National Wood Strategy for England and a Timber in Construction roadmap are important developments and provide the basis for collaborative action in England. There is also the possibility of agreeing a wider Sector Deal for the industry that could help deliver on a number of the priorities.

The country Industry Leadership Groups provide the fora for a partnership approach with governments, alongside industry led action on training and securing access for home-grown C16. There are also a number of actions needing to be delivered that Confor has agreed with the forestry agencies to mitigate the impact of the rule change on maximum percentage of a single species in UKFS.

Proposed objectives:

- Work with the country ILGs to tackle the priorities identified in this section, including delivering the National Wood Strategy for England and the supply chain element of the Timber in Construction Roadmap.
- Building on current support for skills and recruitment including establishing a UK Forestry Training Service and continue joint efforts to promote the industry as a career.
- Develop proposals to create a platform to promote homegrown wood-based construction products, working initially on increasing market penetration of homegrown C16.
- Develop and implement a programme of work with relevant forestry agencies to address agreed UKFS mitigations.
- Work with members to identify, prioritise and tackle deficiencies in the Woodland Carbon Code and input to the development of Biodiversity Net Gain metrics and delivery mechanism.
- Explore the potential for a Sector Deal with the UK Government.

D. Strengthen communication to support delivery of Confor's aims

Communication has been and will be a key part of achieving Confor's aims. When politicians, policy makers and local communities better understand the industry the sector is better able to operate day-to-day and secure the actions and support it needs to address current and future challenges to success.

Key to effective communication is being clear about the target audience(s) and the purpose of the communication, and adopting common messaging across Confor and its members, and hopefully government/forestry agencies.

Confor has been developing assets to support members and facilitate co-ordinated messaging and will review these with members before making them more widely available along with guidance on being active. This will include emphasising the importance of productive species/forestry and the particular significance of Sitka spruce.

Proposed objectives:

- Publish assets and guidance for members to use to promote the industry's messages.

E. Future development of Confor's structure to support industry growth

Confor needs to plan its future structure to take account of member aspirations for:

- Developing a Forestry Training Service.
- Supporting increased market penetration of homegrown wood products in construction.
- FISA is currently undertaking a review of its structure and operation, and this may lead to a request for Confor to take an active role.
- Greater collaboration with WPIF and/or FCA.
- Longer term aspirations around statistics and research and innovation.
- And the vital need for Confor to continue to deliver its core function as the trade association for the industry.

Proposed Objective:

- In order to progress the above, Stuart Goodall will consult internally and speak to external parties (including the potential for public funding) to develop a formal proposal for the Advisory Board embracing governance, funding and staffing.

F. Ongoing activities

As the trade body for the forestry and wood processing industry, Confor undertakes a range of activities for members and it also has to be able to respond to arising challenges.

Tree health is one such major issue and Confor will continue to advocate for strong border inspection, monitoring and rapid communication with industry. Where woodlands are managed there is greater likelihood of early identification and action, and Confor will seek to ensure that commercial impacts are considered in planning a response to threats/outbreaks. Where there is windblow it is important that blown trees are harvested quickly to avoid creating areas where pests and diseases can thrive.

Similarly, the threat of deer and squirrel damage is a major obstacle to productive native woodland planting and management. Confor is an active participant on deer matters and has called for accelerated research into gene editing technology to eradicate the grey squirrel with greater action meantime, including fertility control.

Certification is an issue that requires continued monitoring and action as concerns remain that changes required by FSC to UKWAS could undermine sustainable forestry in the UK. Examples of current issues include outsourcing, pheasant release pens and chemicals derogations. As a global standard, FSC can lack the flexibility to respond to country specific situations and as a result produce unintended consequences, including driving woodland owners who wish to participate out of certification.

Forestry and Timber News, fortnightly Enews, technical and member committees, and events like shows, conferences, regional meetings and the annual dinner are all important to members and are a vital part of how Confor is visible to members and seen to provide value to them in return for their membership fee. These important outputs require to be resourced as part of Confor's ongoing activities.

It is important that these activities are well targeted and in England it is proposed that Confor will work with members to review the committees' terms of reference and structure and potentially to reintroduce quarterly meetings of the chairs.

Good communication with members can also unlock additional industry influence in key areas like:

- making sure that timber processors are consulted on new planting applications and long-term management plans for publicly owned forests to provide supportive and influential comment
- supporting political engagement and promotion in local media
- local authority plans and strategies

Confor is involved in or provides support to a number of industry initiatives, including FISA and UKWAS, and this will continue in 2024.

3. Business Management

A. Risk Analysis

In this section risks are identified, the severity of each risk is assessed, and solutions are identified to reduce the impact of these risks occurring.

New staff to recruit and 'bed in'

Half the Confor team have joined in the last 2-3 years, representing significant change for a small team. In response the leadership team will prioritise welcoming and embedding new team members in 2024.

Succession planning and 'cover' for key posts

Confor is a people business and in a small organisation it is important that key posts are filled quickly and 'cover' exists for unplanned events. Further consideration will be given to succession planning and cover for staff roles.

Financial Management

Strong financial management is key to managing risk in all successful businesses. The appointment of an experienced head of finance has assisted with maintaining this as low risk.

B. External Factors

Political situation

The turnover of Ministers is always a challenge to securing continuity of public policy and activity. Confor has sought to manage this through building understanding and support amongst key officials and building relationships with a core of politicians in each parliament/assembly - this activity will be extended in 2024.

Pests and disease

Plant health remains a vital issue. It is a continuing significant threat to the sector that could require an immediate and substantive response from Confor that would impact on delivery of the business plan. Confor continues to raise awareness of the need for effective controls at the border and vigilance to detect outbreaks in the UK. If an outbreak did require a substantive response from the Confor team, then activities on developing country visions for the industry and on resilience will be slowed or paused as required.

Confor
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