

**Senedd Cymru**

**Pwyllgor yr Economi, Masnach a Materion Gwledig**

**Ymchwiliad:** Yr Economi Sylfaenol

**Cyf:** FE21

**Ymateb gan:** Woodknowledge Wales

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**Welsh Parliament**

**Economy, Trade, and Rural Affairs Committee**

**Inquiry:** The Foundational Economy

**Ref:** FE21

**Evidence from:** Woodknowledge Wales



**For the attention of:** The Senedd's Economy, Trade, and Rural Affairs Committee

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**Inquiry**  
**The Foundational Economy**

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**Evidence From:** Gary Newman - CEO Woodknowledge Wales

**Prepared on:** 6<sup>th</sup> October 2024

[Gary Newman is the founder of [Woodknowledge Wales](#) (WkW) as a for-public-good, membership alliance in 2016, and is currently the Chief Executive. Gary is also the co-founder and board member of the [Alliance for Sustainable Building Products](#) and a founding director of the [Foundational Alliance Wales](#). Gary is a construction engineer by training and early career and spent over 20 years as an entrepreneur focused on Welsh production of bio-based construction materials]

[Whilst it is expected that the contents of this written submission would meet the approval of the Woodknowledge Wales board, team and membership, time limitations have meant that the more opinion-based content represents the views of the author alone.]

**About Woodknowledge Wales (and some context and thoughts)**

Our vision: Wales as a socially equitable, net zero carbon, forest nation.

Wales has the potential for substantial expansion of forestry and its wood using industries. Well-conceived forestry provides amenity, mitigates climate change, is good for biodiversity and soil health and helps clean air and water. Wales has land suited for afforestation and a climate very well suited to rapidly growing the trees that industry needs.

Our mission: The purposeful development of Wales forest industries from tree to product to benefit the economy, the environment and the people of Wales

Wood is an essential industrial resource for a sustainable 21<sup>st</sup> Century society. Wales has easy access to substantial markets for manufactured timber products and the UK is currently the second largest importer of forest products in the world. But the forest and wood supply chain in Wales is under-developed, fragmented, lacks strategic focus and is poorly aligned to deliver public good outcomes. We aim to oversee a substantial increase in quantity, value, resilience and purpose (aligned to deliver public good) of the sector. We aim to increase the number of Welsh organisations and individuals with an interest in the development of forestry and wood using industries in Wales. In short, we aim to inspire greater ambition to create a renewed wood culture in Wales

We are a charitable Community Benefits Society. We are an independent, for-public-good membership alliance governed by a voluntary board.

We are building an alliance for change across both the natural and built environments. We believe that top-down **predict** and **control** is a failing model (whether in public, private or third sectors). We believe that we need to move towards a more agile **sense** and **respond** approach, giving greater personal agency to those in the front line of delivery of foundational goods and services, to help unlock the inherent but undeveloped creative intelligence and drive of all people, activated when their work connects them to something they believe in or care about – such as in the role of trees and timber in decarbonising both the natural and built environments, or within any of the Foundational Economic sectors, such as food, health, housing and education. No amount of top-down re-organising or target setting is going to change the epidemic of frustration and demotivation currently experienced by workers in these foundational sectors, manifested by such things as poor mental and physical health and/or early retirement.

For a better sense of what this shift means within any given sector – see our Forestry Technical Advisory Group report for Welsh Government on Adaptive Forest Management.

We work with our membership and wider network to inspire and build trust, to connect within and across sectors, to catalyse change and mediate in areas of conflict (as everything is contested, from the land we plant or build upon to the methods and materials we use to build with).

We now have over 70 members from public, private and third sector bodies including housing associations, local authorities, contractors of all scales, architects, timber frame manufacturers, joiners, sawmillers, forest managers and forest owners.

To gain the necessary trust and active engagement:

- We take an evidenced based and pragmatic approach. We work with best practice to define what we know, and then work from where we are, with what we have, and with the people that are present. In this work we are sensitive to the importance of culturally driven notions of landscape and vernacular, whilst advocating for the imperative of change.
- We take a systemic approach. Our experience is that many individuals within organisations are very much up for change. After all, who doesn't want to be on the right side of history? But the systems within which individuals operate (created in a different time, for a different purpose) creates inertia which we help overcome
- We engage with the specifics of sector, time and place

Welsh Government's ability to make good things happen fast (and with climate change the clock is ticking) have significant constraints (e.g. limited budgets, short electoral cycles and populists lurking in the wings). Therefore, we believe that it's vital that private and third sector organisations contribute more. But to do so, the change agents need to be empowered and resourced.

Welsh Government can help facilitate and enable organisations and systems to change – less through top-down generalist Acts (although, of course, such Acts provide necessary framing) and more through sector and place specific enabling policies, as well as financial interventions targeted at those pockets of radical innovation (the change agents) wherever and whenever they are identified (whether in the public, private or third sectors). Basically, Welsh Government should seek to constrain the urge to control.

### **Woodknowledge Wales response to the key questions**

Woodknowledge Wales is a member of Foundational alliance Wales (FAW). We support the theoretical analysis that underpins the concept of the Foundational Economy as articulated in the FAW submission to this inquiry. However, the knowledge and experience of WkW that underpins this submission is specific to and drawn from our experience of working as an independent body within the forestry and timber construction system.

- 1. To what extent has the Welsh Government embedded support for the foundational economy into its overall approach to economic development? What further steps should it take to do this?*

Radical ideas like the Foundational Economy (and other initiatives such as the Well-being of Future Generations Act) are in danger of being discredited by poor implementation. These initiatives can be perceived as government talking to itself and as having little relevance to business and individuals. The challenge therefore is to interpret these concepts so that they are made real and material to the specifics of sector or place. So that the story becomes more about the positive change that has been created, and less about the economic concept or Act, or Government agency that is championing its implementation. Given political realities, it seems sensible to put this enabling role into the hands of independent actors when and where possible.

The strong overlap between the Foundational Economy and decarbonisation is currently a relatively unexplored opportunity. For example, building with local biogenic materials such as timber is a low cost and technically ready Greenhouse Gas Removal (GGR) mechanism that currently lacks encouragement from any policy lever. Growing the wood we need for our homes and buildings is a considerable economic opportunity (particularly in rural areas) as well as carbon reduction opportunity.

- 2. Given the cross-portfolio nature of the foundational economy, how should the Welsh Government create a co-ordinated approach to mainstreaming support for foundational economy sectors across government?*

Any mechanisms that increase Welsh Government's cross-departmental coordination of priority areas such as the Foundational Economy, the National Forest and the Timber Industrial Strategy would be helpful. More important though is developing actions, projects and policies specific to sector and place and preferably implemented by relatively independent and more agile organisations.

*3. Which of the Welsh Government's foundational economy policy initiatives have been most successful, and why? Which have worked less well, and why?*

Woodknowledge Wales has benefitted greatly from support through the Foundational Economy Challenge Fund. The support accelerated our work to develop a Forest Nation centre and helped us to accelerate many activities within our cross-sectoral network, by supporting the development of our 6 Communities of Practice (CoPs). The relatively simple grant requirements and light touch control has enabled us to be highly effective with limited funding. I'm biased obviously, but I believe the impact speaks for itself.

We have no direct experience of any other FE policies.

*4. What examples of best practice exist in different foundational economy sectors and places within or beyond Wales? How could the Welsh Government better support partners to deliver best practice, and to scale it up where appropriate?*

The Timber Industrial Strategy when created and implemented could be a game changer for Wales, if underpinned by a focus on the doing. Woodknowledge Wales would welcome the opportunity to support implementation and help mediate change between the many different overlapping interests (e.g. farming v. forestry, broadleaves v. conifer, biogenic materials v. steel and concrete, shift from low-value short-life applications to high value cascade use and circular economy) and between public, private and third sector bodies.

Tree planting is being held back by risk-averse interpretation of regulations and by the lack of an overall Land Use Strategy that incorporates an understanding of the impact of the changing climate. A land use strategy should be created (for contextual framing) and made relevant by a bottom-up approach to tree planting and management that enables farmers and other landowners to make land-use choices that are right for them and their business. We believe the blanket 10% policy to be a mistake. As an aside, we are exploring how this could be made more flexible by allowing trading of the requirement in a way that gives the landowner more agency.

As a wider point, afforestation is a key decarbonisation strategy in the natural environment and the use of timber is a key decarbonisation strategy in the built environment, and their

expansion and re-purposing is a clear opportunity to achieve foundational economic outcomes, particularly within our rural communities. To help accelerate these opportunities we believe that Welsh Government should review the role and remit of NRW in the management of the Welsh Government Woodland Estate and consider alternatives.

The Delivering Net Zero (DNZ) project is an excellent example of bottom-up momentum (enabled in part by Welsh Government) created by a coalition of the willing. Started by WkW, this project is now being run for and by the DNZ membership of 21 social landlords, with WkW simply acting in a supporting role.

A more general suggestion is that Welsh construction regulations need to include embodied carbon (see WkW guidance [here](#) and an early stage embodied carbon reduction tool will soon be available through the Home-Grown Homes Project) and building performance requirements – both of which would encourage the use of more local materials and regionally rooted enterprises.

5. *What progress has been made in using procurement to strengthen the foundational economy since our predecessor Committee looked at this issue in 2019? What further actions are required to deliver greater progress, and what innovative examples of best practice could be built on?*

Everything seems possible with procurement. But throw in the risk-averse nature of much public procurement and little is achieved. The problem, it seems, is less about the rules and regulations and more about how they are applied by public sector bodies. Again, the top-down regulations help with the framing, but the conservative behaviours and cultures of the procurers need to be addressed to achieve more purposeful outcomes.

It should be said that the Foundational Economy provides a much more robust theoretical underpinning to inform local procurement policies and practices, than appealing to emotive notions of nationhood or the use of tools that simply encourage postcode localism.

WkW created construction procurement guidance [here](#), to help achieve low carbon, high performance outcomes, as well a building performance guidance [here](#), helping to enable high performance to be identified, quantified and delivered. However, change is slow. Our experience is that guidance achieves little, without the right combination of handholding (which WkW are engaged with on many projects) and construction regulatory imperatives (which are currently weak).

6. *How effective have the Welsh Government's actions to deliver fair work in foundational economy sectors been? What further steps should it take within its devolved powers to progress this agenda, and how can it work with the UK Government to drive improvements in non-devolved areas?*

The author knows too little about this aspect to comment