



## TIMCON WEEKLY INDUSTRY COVID 19 UPDATE:

TIMCON will be providing an industry round up of COVID 19 developments, using originally sourced material and information gathered from our colleagues at other timber related organisations and bodies to give an overall, related picture.

Our members are key to keeping the supply chain going and ensuring food and medicines are supplied to the public in the UK and the Republic of Ireland.

*TIMCON is liaising with HM Government and other related bodies and organisations on the situation on the front line of the timber packaging, pallet and forest-based industry. We would like to hear from you on what issues you are currently facing to allow us to feed this back to Government.*

Contact Stuart Hex at [info@timcon.org](mailto:info@timcon.org)

You can also find us on [LinkedIn](#) where up to date and latest information is posted daily.

**Issue 5 – 4<sup>th</sup> May 2020**

## **LATEST NEWS: TIMCON LAUNCHES COVID-19 PROTOCOL FOR THE TIMBER PACKAGING & PALLET INDUSTRY:**

These suggested Site Operating Procedures (SOP) guidelines are based on Public Health England (PHE) guidance (other restrictions and advice may apply in Scotland, Wales and Northern Ireland) and TIMCON Executive Board members. Please also refer to the recent TIMCON updates which give link information re important and useful updates and articles. This document will be reviewed on a regular basis and reissued as and when required. This guidance is intended to help members introduce consistent measures at sites of all types (new manufacture, reconditioned, repair and pooling) and sizes in line with the Government's recommendations on social distancing and ensure employers and individuals make every effort to comply. Available to download from [www.timcon.org](http://www.timcon.org) (homepage)

## Government update:

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### ENGLAND:

The Prime Minister Boris Johnson will announce the next phase of COVID-19 measures on Sunday 10th May. Reduced hot-desking and alternatives to social distancing where it is not possible are among measures being considered to let workplaces re-open. A draft government plan to ease anti-coronavirus restrictions, seen by the BBC, also urges employers to minimise numbers using equipment, stagger shift times and maximise home-working.

The leaked draft government document has not been welcomed by Trade Unions.

The Government continues to update its online resources in response to virus through its main portal: <https://www.gov.uk/coronavirus>. Find coronavirus financial support for your business using the government's business support finder.

Health secretary Matt Hancock has announced that construction workers in England showing symptoms of COVID-19 are now eligible for official government testing.

### IRELAND:

The Taoiseach announced on the 1st May last that the current restrictions would remain in place until the 18th May. Dependent on the virus not increasing, restrictions would begin to be lifted on a phased basis on the 18th May. Five phases of restrictions would be lifted, the most relevant to the Pallet and Packaging industry sector is the return of the construction, hardware stores, landscaping on the 18th May.

A good summary of the latest measures announced can be found here: <https://www.irishtimes.com/news/health/coronavirus-the-re-opening-ireland-plan-in-detail-1.4242985>

### DEFRA COVID-19 Industry Group:

Frustration among the industry with different messages coming out from different governments which is a cause of concern since Scotland primarily supplies the demand in England. There is a particular discrepancy between Scotland's approach to construction during this crisis and the rest of the home nations.

It was reported that the Welsh government has published principles for a phased recovery and return to 'normality' over a number of months. The Welsh government is in favour of seeing a coordinated phased recovery and a lifting of restrictions all across the UK at the same time.

The Northern Ireland government also stated that it is important to have a common approach across all nations.

CONFOR reported that the industry is facing challenges with staff returning to work. The main challenge is that families are concerned about their safety and don't believe there are safe working conditions. Both CONFOR and TIMCON will be educating their members around this so that workers can be reassured. John Dye reported TIMCON had a Covid19 Protocol in place for employees returning to work in a safe and managed environment that observes PHE advice on social distancing. CONFOR are doing the same.

TIMCON commented that there are mixed messages surrounding pallet stock. There is stock availability, but whether its 100% of the right stock remains questionable. Some regional shortages reported.

CONFOR requested that the fencing sector be reclassified as a critical sector. Agriculture and fencing becoming significant sectors in recent weeks. Demand is a response to flood and wind damage so it is critical for farmers to

obtain fencing products to keep live stock in fields, for example, and is essential to maintaining food production. This was acknowledged as an important point by the group.

There was a discussion around what the potential impact might be when sawmills start up again to meet demand from agriculture, pallets and construction, meaning they will start to cut and operate to normal patterns. Consequently, there should be more co-product available for panel board and animal bedding. The issue might be that panel board manufacturers have limited space available, and if they do not operate to full capacity this will create a break in the system and has the potential to gum up log supply.

Previous concerns raised regarding shortage of poultry and equine bedding material were expanded upon.. Farmers unions have reported that they are investigating alternative methods. Contacts with the Farmers Union via this Government group so should enable us to get clearer image in coming weeks.

The Government reported it was aware of a lot of excitement around announcements of re-opening construction sites, but that this would not happen overnight and not at 100% capacity. It was reported that with the PM's return speech, excitement needs to be tempered as it appears that it will be a longer return process than anyone thought.

TIMCON reported on a call with the Construction Products Association and hope to continue dialogue with them and feed this into this Government group. Defra welcomed this suggestion and thanked TIMCON for its contributions.

It was reported previously that insurance companies have begun to cut their credit facilities by 50% which is making it very difficult to maintain activity. It is putting a cap on the industry's ability to trade. TIMCON had reported that across the industry credit limits are being scrutinised and it is becoming very tight. The industry is being put into the high-risk category and lumped with construction and this needs to change. It was suggested that either this will reduce output by 50% or companies will need to take a huge risk to continue. Whilst it is likely that there will be an amalgamation of the two outcomes, it does mean that companies may struggle to keep up with demand when restarting. It was understood that the insurance industry was liaising with HM Treasury to categorise industries in this way. Defra reported this had been fed into government colleagues and essentially 'up the chain'.

TIMCON highlighted the unpredictable nature of a demand-led recovery requires maximum flexibility for staff deployment, and the inflexible nature of the furlough scheme continues to present difficulties for some as they test staff returns. It is also apparent that this concern is echoed across many industries. Defra confirmed concerns had been passed on to those responsible for government policy on this.

It was reported that the industry is seeing less absenteeism.

As pressure to re-open some aspects of the economy grows, and as businesses find ways of operating in a safe and compliant manner under the lockdown, new pressures are likely to emerge. The industry representatives present left Defra with key questions on how UK Government will facilitate a restart of activity in key markets, e.g. construction and house-building and how will those markets develop in coming weeks? And how will differences between 'restart' across the countries of the UK facilitate or undermine supply of critical products?

## Other information

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- **Construction Products Association:**

The return of house builders to some sites from this week into next is positive and most recently, BuildUK, which represents main contractors and specialist contractors, stated that almost 70% of their member sites are open in England and Wales; 81% of non-residential construction, 78% of infrastructure sites and 46% of firms involved in house building.

However, there are a few caveats the CPA explains in their the latest report. The first issue is that ensuring safe working on site means productivity may be 30%-40% lower (depending on the development) so activity is slower and costs more. BuildUK reported on 30 April that productivity on construction and infrastructure sites is averaging 67% and only 56% on London construction sites.

The second issue is that where the demand will come from after this initial work. This is especially the case given that, even if social distancing restrictions start to be eased from mid-May, they are likely to be eased slowly and focus on either on essential services, such as schools, and the hardest hit parts of the economy, such as general retailers. Key developments seen this week include some house builders indicating they are gearing to reopen some sites beginning as early as next week and into May.

**Latest news: [Breedon and Selco reopen facilities as merchants monitor product demand](#)**

Construction materials firm Breedon has announced it will begin reopening its facilities. Its announcement comes as the number of builders' merchants open for business has risen. In a trading update on 1<sup>st</sup> May. The group said this would include the opening of two clinker cement production plants over the course of the next month.

**[Barratt and Bellway announce site restarts](#)**

Barratt and Bellway have become the latest housebuilders to announce they will be recommencing onsite work, following a month-long shut down. Barratt announced that its construction sites will reopen from 7 May, when the firm will start to implement changes to its working practices. A phased return to construction will then start on 180 sites – half its total sites. The firm's Scottish sites will remain under review due to Scotland's more stringent lockdown restrictions.

*(source: Construction New – 1<sup>st</sup> May)*

- **Builders Merchant Federation**

The Builders Merchants Federation (BMF) said that this week there has been a 12 per cent week-on-week increase in the number of merchants open. The trade body has set up a new monitoring system alongside the Construction Products Association and Construction Leadership Council in a bid to meet the needs of the industry.

According to the BMF, early shortfalls of plaster and plasterboard supply were being flagged-up under the system. BMF chief executive John Newcomb said: "Currently we are seeing no major issues, apart from plaster and plasterboard, but manufacturing is now scheduled to increase to address this problem. We want to deal with potential issues in a proactive way, to ensure demand is met across the construction sector."

*(Sources: CPA & Construction News/1<sup>st</sup> May 2020)*

## **CURRENT INDUSTRY SITUATION AS OF 4<sup>th</sup> MAY 2020:**

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### **Ireland:**

Ireland's pallet manufacturers remain busy. The current surge in demand from the medical, pharmaceutical and FMCG sectors in response to the Covid-19 pandemic has, to some extent, softened the sharp fall in demand from general

manufacturing and building supplies sectors. Members are reporting a healthy timber supply, testament to the proactive response by Irish sawmills in their role as a critical raw material supplier to the pallet sector and in turn, to the critical medical, pharmaceutical and FMCG sectors as they support the frontline in the fight against the virus.

Pallet manufacturers continue to liaise closely with Coillte and with the Department of Agriculture, Food and the Marine (DAFM) on the reported felling licences issue which has been blamed on the introduction, by the Department, of a new and more stringent licensing system delaying planting, felling and thinning. However, any fears of log shortages are being swiftly allayed by the Department with Department officials confirming that they are intensifying the rate at which licences are issued and are continuing with a run rate of new licencing averaging >100,000m<sup>3</sup> every week and to date this year, have licensed 1.3million m<sup>3</sup> of new timber for felling. It is also understood that Coillte have sufficient quantities for their contracted positions for the year and are planning an auction of new material in the near future. This positive news is gratefully received by the customers of the pallet and packaging sector in Ireland.

#### UK:

All key sectors are again reporting a 'steady' week, with "signs of life" becoming evident as the construction sector is beginning to take steps to come on stream, however this and the re-opening of some merchants has not yet fed through to a step change in demand for wood products.

Harvesting activity is steady with some slight signs of recovery supported by sustained demand for small round wood. Management businesses are reporting harvesting activity being maintained at around 70%, with local variation driven by demand-side factors. No indication yet of increasing demand for sawlogs, reflecting the continued suppression of construction, high stock levels and significant quantities of surplus timber in Europe. No reported issues on contractor availability or haulage.

FLS eSale on 20 May will be an important indicator of conditions in the wood-production sector more generally.

There continues to be patchy evidence of some increase in activity in sawmilling and panel board, however this is not yet happening at significant scale, but sales enquiries have increased significantly in the last week and it is expected that new orders will increase accordingly.

The stabilisation and gentle recovery reported last week has continued in the timber packaging and pallet sector, with demand building and enquiries from construction businesses up. Pooling companies are operating largely as normal, the reconditioned market is operating at around 80% and demand for new pallets is showing a modest increase.

Pallet production and refurbishment continues to recover, with some positivity and confidence returning, with a focus on staff welfare as some start to return from furlough. The strongest concern in this sector continues to be Brexit preparedness with regard to heat treatment of pallets.

Demand for materials for fencing, DIY and other agricultural uses is strong and growing, resulting in many smaller sawmills re-starting, and some signs of life in the larger mills (eg. BSW Carlisle, Southampton and Newbridge).