

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:

Committee room 5 – Tŷ Hywel
and video conference via Zoom

Meeting date: 13 June 2024

Meeting time: 09.30

For further information contact:

Robert Donovan

Committee Clerk

0300 200 6565

SeneddEconomy@senedd.wales

Hybrid

Private pre-meeting

(09.15–09.30)

Public meeting

(09.30–13.20)

1 Introductions, apologies, substitutions, and declarations of interest

(09.30)

2 Papers to note

(09.30)

2.1 Sustainable Farming Scheme

(Page 1)

Attached Documents:

Letter from the Chair to Gwyn Jones, CEO, European Forum on Nature
Conservation and Pastoralism – 21 May 2024



2.2 The Animal Welfare (Livestock Exports) Enforcement Regulations 2024

(Pages 2 – 3)

Attached Documents:

Letter from the Cabinet Secretary for Climate Change and Rural Affairs – 21 May 2024

2.3 The Ivory Act (Meaning of “Ivory” and Miscellaneous Amendments) Regulations 2024

(Pages 4 – 5)

Attached Documents:

Letter from the Cabinet Secretary for Climate Change and Rural Affairs – 22 May 2024

2.4 Tata Steel UK

(Pages 6 – 8)

Attached Documents:

Letter from the Chair to the Cabinet Secretary for Economy, Energy and Welsh Language – 24 May 2024

2.5 Development Bank of Wales inquiry: Response to the submission from Mr Andrew Ling

(Pages 9 – 11)

Attached Documents:

Letter from the Development Bank of Wales – 29 May 2024

2.6 Future of Welsh Steel

(Pages 12 – 13)

Attached Documents:

Letter from the Chair to Celsa Steel UK – 31 May 2024

2.7 Green Economy inquiry: Follow up questions from the Committee meeting on 22 May 2024

(Pages 14 – 18)

Attached Documents:

Letter from the Chair to Nesta – 31 May 2024

Letter from the Chair to UK Infrastructure Bank (UKIB) – 31 May 2024

Letter from the UK Infrastructure Bank (UKIB) to the Chair – 6 May 2024

2.8 Hybu Cig Cymru

(Page 19)

Attached Documents:

Response letter from the Cabinet Secretary for Climate Change and Rural Affairs – 3 June 2024

3 Green Economy inquiry – Panel 7 – Case Study 2 – Pembrokeshire

(09.30–10.30)

David Jones, Stakeholder Manager, Blue Gem Wind

Wendy Weber, Head of the Build Environment, Pembrokeshire College

Break

(10.30–10.40)

4 Green Economy inquiry – Panel 8 – Trade Unions

(10.40–11.25)

(Pages 20 – 33)

Peter Hughes, Unite Wales Regional Secretary, Unite the Union

Jane Lancaster, Assistant Secretary, Prospect – Cymru

Nisreen Mansour, Policy Officer, Wales TUC

Attached Documents:

Research brief

Break

(11.25–11.45)

5 General Ministerial scrutiny – Cabinet Secretary for Climate Change and Rural Affairs

(11.45–12.30)

(Pages 34 – 65)

Huw Irranca–Davies MS, Cabinet Secretary for Climate Change and Rural Affairs, Welsh Government

Claire Bennett, Director, Environmental Sustainability and Climate Change, Welsh Government

Gian Marco Currado, Director, Rural Affairs, Welsh Government

Richard Irvine, Chief Veterinary Officer, Welsh Government

Attached Documents:

Evidence paper – Welsh Government

Research brief

Break

(12.30–12.35)

6 Inquiry: Welsh Government’s proposals for a Sustainable Farming Scheme (SFS)

(12.35–13.20)

Huw Irranca–Davies MS, Cabinet Secretary for Climate Change and Rural Affairs, Welsh Government

Claire Bennett, Director, Environmental Sustainability and Climate Change,
Welsh Government

Gian Marco Currado, Director, Rural Affairs, Welsh Government

Richard Irvine, Chief Veterinary Officer, Welsh Government

7 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting

(13.20)

Private meeting

(13.20–14.10)

8 Consideration of evidence following the meeting

(13.20–13.30)

9 Development Bank of Wales: Consider key issues

(13.30–13.50)

(Pages 66 – 76)

Attached Documents:

Key issues paper

10 Correspondence on Committee Remits

(14.00–14.10)

(Pages 77 – 79)

Attached Documents:

Letter from Y Llywydd and Chair of the Business Committee to Committee
Chairs – 22 May 2024

Gwyn Jones
Chief Executive
European Forum on Nature Conservation and Pastoralism

21 May 2024

Dear Gwyn

Sustainable Farming Scheme

I am writing to you regarding the Committee's inquiry into the Welsh Government's proposed Sustainable Farming Scheme.

We held a one-day inquiry on Thursday 9 May in which we received oral evidence from farming unions, environmental organisations, the UK Climate Change Committee and Professor Janet Dwyer. Professor Dwyer mentioned your expertise, and the Committee agreed to write to you seeking your views on the sustainable farming scheme.

The areas that we covered in our one-day inquiry broadly included engagement, payment methodology, universal actions, optional and collaborative layers, tree cover, net zero and biodiversity commitments, small farms and horticulture, organic farming, delay to introduction, new entrants, trade and lessons learnt. The Committee would be very keen to hear your views on any of those subject areas, and anything else you think may be relevant.

Any thoughts you may be able to provide on this inquiry would be greatly appreciated by the Committee.

Kind regards,



Paul Davies MS
Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/HIDCC/5128/24

Paul Davies MS
Chair
Economy, Trade and Rural Affairs Committee

Paul.davies@senedd.wales

21 May 2024

Dear Paul,

The Animal Welfare (Livestock Exports) Enforcement Regulations 2024

I am writing to inform you of my intention to consent to the UK Government making The Animal Welfare (Livestock Exports) Enforcement Regulations 2024 (“the Regulations”).

The Regulations will be made under Clause 2(1) and Clause 3(3) of the Animal Welfare (Livestock Exports) Act (“the Act”), which received Royal Assent on 20 May.

The Act makes provisions to prohibit the export of cattle and other bovine animals, sheep, goats, pigs or wild boar, and horses or other equine animals (“relevant livestock”) for slaughter, including fattening for subsequent slaughter. Where exporting is sending or attempted sending from Great Britain to anywhere outside the British Islands or the transportation or attempted transportation, or the organising or attempting to organise the transport of relevant livestock from or through Great Britain to anywhere outside the British Islands.

The Act engages the Legislative Consent process outlined in Standing Order 29. A Legislative Consent Memorandum (LCM), for the provisions which fall within the legislative competence of the Senedd, was laid by Lesley Griffiths MS, former Minister for Rural Affairs and North Wales, and Trefnydd, on 19 December. The LCM recommended that the Senedd consent to the Animal Welfare (Livestock Exports) Bill (“the Bill”). The Minister for Rural Affairs laid a Legislative Consent Motion to propose that the Senedd agrees that provisions in the Bill, in so far as they fall within the legislative competence of the Senedd, should be considered by the UK Parliament. There was a plenary debate on the Legislative Consent Motion on 12 March. The motion was agreed.

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Gohebiaeth.Huw.Irranca-Davies@llyw.cymru
Correspondence.Huw.Irranca-Davies@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The Regulations establish enforcement powers, offences, and penalties relating to the prohibition on the export of relevant livestock for slaughter.

It is normally the policy of the Welsh Government to legislate for Wales in matters of devolved competence. However, in certain circumstances there are benefits to working collaboratively with the UK Government where there is a clear rationale for doing so. On this occasion, I am giving my consent to the UK Government to make the Regulations. This approach will ensure the Regulations are introduced simultaneously across England, Wales and Scotland, and for coherent, centrally coordinated communications with stakeholders. Livestock transport journeys can start and travel through the different countries of Great Britain to reach destination. Separate regulations, or any divergence in the coming into force of regulations, across Great Britain could lead to complexity, inconsistencies and administrative burden for industry and enforcement agencies.

Welsh Government officials have a good working relationship with their Defra counterparts and will continue to work with them and the Scottish Government to strengthen the protection of animal welfare during transport, maintaining positive and constructive intergovernmental relations.

The anticipated laying date of the Regulations before the UK Parliament, using the draft affirmative procedure, is 5 June.

I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee.

Yours,

A handwritten signature in black ink, appearing to be 'Huw Irranca-Davies', written in a cursive style.

Huw Irranca-Davies AS/MS

Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Cabinet Secretary for Climate Change & Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/HIDCC/5236/24

Paul Davies MS
Economy, Trade, and Rural Affairs Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

22 May 2024

Dear Paul,

I wish to inform the Committee that I have given my consent to the Secretary of State for Environment, Food and Rural Affairs to make the Ivory Act (Meaning of “Ivory” and Miscellaneous Amendments) Regulations 2024.

The former First Minister Mark Drakeford MS made the commitment that the Welsh Government would write to the relevant committees to inform them of an intention to consent to the UK Government exercising a delegated legislative power in a devolved area in relation to Wales. Where possible, this should be done prior to consent being given to allow time for the Senedd to express a view. On this occasion, due to an administrative error, it hasn't been possible to provide the pre-consent letter and allow the Senedd that time.

The Regulations are made in exercise of the powers conferred by sections 2(5), 13, 37(2) and 39(1) of, and paragraph 14(1) of Schedule 1 to, the Ivory Act 2018 (“the Act”).

The purpose of the Regulations is to amend the Act, to extend the prohibition against dealing in elephant ivory to additionally include ivory from the following species:

- common hippopotamus (*hippopotamus amphibius*);
- killer whale (*orcinus orca*);
- narwhal (*monodon monoceros*); and
- sperm whale (*physeter macrocephalus*).

It includes a 28-day grace period for buyers, sellers and hirers who have entered into a contract that has yet to complete at the time the regulations come into force.

The Regulations also amend Schedule 1 (Prescribed Institutions) to the Ivory Prohibitions (Exemptions) (Process and Procedure) Regulations 2022 to correct the names of some of

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

the institutions prescribed under the Act. Prescribed Institutions provide the Secretary of State with advice on applications for exemption certificates.

It also amends the Ivory Prohibition (Civil Sanctions) Regulations 2022 to specify that the method and date of service for notices relating to enforcement undertakings shall be by post in the ordinary course of delivery or electronically on the day on which the electronic communication is sent.

I would like to reassure this Committee it is normally the policy of the Welsh Government to legislate for Wales in matters of devolved competence. However, in certain circumstances there are benefits in working collaboratively with the UK Government where there is a clear rationale for doing so. The UK has had a uniform approach to this policy for many years and continued alignment to ensure a consistent approach to defining 'ivory', and managing enforcement proceedings where ivory is imported, is crucial. This reflects the approach taken to align across GB on border and trade issues and provides consistency for traders and enforcement officials by avoiding any inadvertent divergence in application.

The Regulations send a clear message that we do not consider commercial activities involving ivory that could fuel poaching to be acceptable; in order for the prohibition to be introduced across the UK simultaneously, it is sensible for Wales to be included in this UK Statutory Instrument.

The Regulations were laid before the UK Parliament yesterday, 21 May 2024, using the affirmative procedure. They are expected to come into force on 1 September 2024. I have laid a Written Statement to update the Senedd which can be accessed [here](#).

I have also written to the Chair of the Legislation, Justice and Constitution Committee.



Huw Irranca-Davies AS/MS

Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Cabinet Secretary for Climate Change & Rural Affairs

Jeremy Miles MS
Cabinet Secretary for Economy, Energy and
Welsh Language

24 May 2024

Annwyl Jeremy,

Tata Steel UK

At our Committee meeting on 9 May regarding our green economy I was surprised to hear from skills providers that many Tata employees work on licences that are only valid on Tata property for example, an internal Tata forklift licence which is not recognised by external employers. This means that whilst someone may be a skilled forklift driver with decades of experience they cannot get a job doing this work elsewhere unless they upgrade to a certificate from a Health and Safety Executive approved accrediting body. I also note that forklift training is specifically mentioned as being provided under Welsh Government skills support to Tata staff in the 2019 review.

ColegauCymru told us they were working to map the skills gained at Tata across to widely recognised qualifications so the workers at risk of redundancy could use their skills with other employers. Whilst I was pleased to hear workers are receiving support, this situation is far from ideal. I expect those having to obtain new certification for a skill they are already proficient in will find this process frustrating. I am also concerned this might mean the public purse is essentially paying for this inefficiency, having to fund two presumably nearly identical qualifications for these workers.

As part of their evidence on 9 May ColegauCymru also told us "*communication [to the Tata workforce] is not great. We can't do it by ourselves. And that's not pointing the finger at the FE [Further Education] sector or the Welsh Government; it's got to be a collective thing. I spoke to over 100 Tata employees last week, when we held the first career event with a number of training providers there. I'd*

say that nearly all of them didn't even have a clue what the PLA [Personal Learning Account] was, and they were all coming in saying, 'Are we eligible for any help?' There's so much help available, but they don't know that." They went on to say that greater collaboration is required, and that all of those involved share the blame for this as "we're the ones delivering the training, but sometimes we can't get past those gates, we can't get there". They said that "People need to stop being so protective, I think, and just allow people in to communicate what is available to people, because people aren't aware."

I note in our session on 7 February your predecessor told the Committee the Welsh Government was *"happy to carry on supporting and investing in the skills of the workforce for a transition that could take place, and, if there are people that move into different sectors, then there are other parts of the economy that are growing that would want some of those workers, and the challenge then, I think, is about relative wage levels."*

Ongoing skills support for both retraining those laid off and to support workers who will continue to be employed at the plant in the new skills they will need is vital. However, it is important any skills support provided by the public sector is done so collaboratively and is transferable to ensure those receiving the support can freely choose where to utilise their skills and to ensure a repeat of this situation does not occur.

Please can you let me know your thoughts on the matter, including addressing the following points:

- How are the Welsh Government and other organisations working proactively to ensure that Tata workers at risk of redundancy are aware of the support that is available?
- Are there any challenges in securing access to the workforce to highlight the support available to them?
- Is the skills support for those at risk of redundancy being provided in a collaborative way, if not how can this be improved?
- Were there any requirements attached to Welsh Government skills funding, for example that any certification for courses should be widely recognised outside of Tata?
- Will there be any requirements attached to future skills funding both for Tata and more widely that certification must be widely recognised – not just usable in house?

I look forward to your considered response on these pressing issues.

Cofion cynnes,

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive style with a large initial 'P' and a long, sweeping tail on the 's'.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

Paul Davies MS
Chair, Economy, Trade and Rural Affairs Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Via email to: SeneddEconomy@senedd.wales

29th May 2024

Dear Mr. Davies,

I am writing in response to the submission to the committee from Mr Andrew Ling who was until June 2018, the CEO of Perpetual V2G Systems Ltd.

The letter makes claims about the role of Finance Wales as an investor in the business to which I would like to respond in order to correct the public record.

Mr Ling contacted the Development Bank of Wales in February this year to discuss the events leading up to, and subsequent to his dismissal by the board of Perpetual V2G Systems and prior to his planned legal action. He met with two of our investment directors and at that meeting also alluded to other unnamed companies who it was claimed, felt unable to raise their issues.

The Development Bank responded within the agreed timescales and in that response, expressed concern at the suggestion that any company felt unable to speak with us directly. In response, Mr Ling stated that he was aware that the directors of the other businesses had already been in touch. We also sought clarification on the specifics of his concerns relating to the Development Bank's actions.

In March, a formal complaint was submitted to our Chair, and a letter to you as Chair of this Senedd committee, both alleging that Finance Wales appointed advisors and non-executive directors to the business and that these individuals subsequently removed Mr Ling from the business resulting in his financial loss.

To properly and fairly address the claims made by Mr Ling, the Development Bank Board appointed a director not directly involved in investment activity to undertake an investigation

Development Bank of Wales Plc

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Development Bank of Wales Plc is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at www.developmentbank.wales

into the complaint in accordance with The Development Bank's complaints process. That director met with Mr Ling. The process has now concluded, and the complaint was not upheld. Our records show that there was no requirement in the investment agreement with Finance Wales, for the company to appoint an advisor. Finance Wales exercised a right to attend board meetings as a shareholder observer but did not take up its right to appoint an investor director.

Finance Wales first invested in the business in March 2016. At that point, the business already had in place an established relationship working with an advisor which was in place by early 2015. This advisor subsequently introduced an angel investor who invested in February 2015.

The decision to dismiss Mr Ling from the company was taken by the company's board as a result of a finding of gross misconduct taken following an investigation, a disciplinary hearing and an appeal process. As part of this decision, Mr Ling was classed as a "bad leaver" pursuant to the company's articles which resulted in the redistribution of his shares. In our experience, the inclusion of such a clause is standard practice where a shareholder is also an employee of a business. To the best of our knowledge, Mr Ling did not exercise his right to access an employment tribunal which would have scrutinised the dismissal process and the reasons for dismissal, in a public forum.

Neither do we recognise the allegation that a second battery storage business was established based on the IP of Perpetual. The second business to which Mr Ling refers was a reseller of portable battery solutions purchased from a Chinese entity.

In responding to these allegations, we are separating the events which led to Mr Ling's dismissal and the criminal charges brought by the Crown Prosecution Service. The Development Bank was not involved in the trial and is not able to comment on this.

We are also drawing a distinction between the outcome of a commercial negotiation between third parties and a complaint about the Development Bank's own decision making.

As we stated in our evidence to the committee, the Development Bank has a comprehensive complaints procedure and seeks to deal with all complaints openly and fairly. Unsubstantiated allegations have been made that there are organisations that are too scared to make a complaint for fear of reprisal or blacklisting. As they stand, these allegations are unhelpful and – in the absence of any substantiating information - we are unable to establish their veracity.

Development Bank of Wales Plc

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To the extent that the Committee is made aware of anyone who has expressed a view that they felt unable to complain, we would be happy to receive this information, either to the Chief Executive or the Chair. If they wish the matter to be confidential, we have also revised our complaints procedure to provide direct access to the Development Bank's General Counsel, Liz Hitchings.

We recognise the extremely challenging time faced by Mr Ling over the last four years, however these matters were between Mr Ling and the company's board. The Development Bank of Wales appointed neither advisors nor directors to the board of Perpetual V2G Systems. Our involvement was only ever as a lender and minority shareholder.

Yours sincerely



Giles Thorley
Chief Executive

Development Bank of Wales Plc

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Economy, Trade, and Rural Affairs Committee

Senedd Cymru

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Carles Rovira

Chief Executive Officer

Celsa Steel UK

31 May 2024

Dear Carles

Future of Welsh Steel

The Committee is carrying out some inquiry work on the future of Welsh Steel. This includes, but is not limited to, looking at Tata's proposals to close their blast furnaces and transition to electric arc production. The Committee is also interested in the general direction of the industry and the role it can play in a future Green Economy.

As a large player in the Welsh steel sector and a business who already operate an electric arc furnace (EAF), the Committee would be very interested in your views on the future of Welsh steel and some of the issues we have discussed. I anticipate you would not be keen to comment on the situation at Tata, and I would not expect you to, however more generally please could you let us know your views on the following:

- We have heard that the proposed shift from primary steelmaking to EAF steelmaking means there is likely to be a considerable increase in domestic demand for UK scrap steel, much of which is currently exported. Consequently, the Committee has heard widespread calls for action in this area, particularly in relation to the highest quality scrap steel. Are there any regulatory or other actions the Welsh or UK Government should take to support the development of a domestic scrap steel industry that would support an increase in UK EAF production?
- Are there any other areas where you think the UK Government or Welsh Government should act to support the future development of the Welsh steel industry?

I look forward to receiving your response.



Kind regards,

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive, flowing style.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

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

Andy Regan
Mission Manager, Sustainable Future Mission
Nesta

31 May 2024

Dear Andy

Follow-up to Committee evidence session on 22 May

Thank you for giving evidence to our Green Economy inquiry on 22 May. It was an interesting session and Members found it very useful. Unfortunately, due to time constraints Members could not ask all the questions they had wished to during the meeting. I have included the questions we did not reach below

- The new First Minister of Wales has pledged to prioritise supporting the green economy in his manifesto. What should be his top investment priorities to start this work off, and why?
- The Welsh Government says it will face considerable budgetary constraints over the short-term. Are there any innovative approaches you think it should explore to help finance investment in its priorities?

If possible, I would be grateful if you could give us a written response to these questions by 6 June, as this would allow us to publish your responses in papers for our next meeting.

Thank you again for your time and support with this inquiry.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee



Kate McGavin

Chief Policy and Strategy Officer

UK Infrastructure Bank

31 May 2024

Dear Kate

Follow-up to Committee evidence session on 22 May

Thank you for giving evidence to our Green Economy inquiry on 22 May. It was an interesting session and Members found it very useful. Unfortunately, due to time constraints Members could not ask all the questions they had wished to during the meeting. I have included the questions we did not reach below. I have also included a follow-up question on the Bristol City Leap energy partnership project you mentioned in your evidence.

- The new First Minister of Wales has pledged to prioritise supporting the green economy in his manifesto. What should be his top investment priorities to start this work off, and why?
- The Welsh Government says it will face considerable budgetary constraints over the short-term. Are there any innovative approaches you think it should explore to help finance investment in its priorities?
- Please can you give us some more details on the Bristol City Leap private-public energy partnership that you said you had advised on in your evidence.

If possible, I would be grateful if you could give us a written response to these questions by 6 June, as this would allow us to publish your responses in papers for our next meeting.

Thank you again for your time and support with this inquiry.

Kind regards,

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive, flowing style.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee



Paul Davies
Chair: Economy, Trade and Rural Affairs
Committee
Senedd Cymru

UK Infrastructure Bank Limited
One Embankment
Neville Street
Leeds
LS1 4DW

6th June 2024

Dear Paul,

Thank you for asking UKIB to attend the Green Economy inquiry on 22 May. It was great to hear the questions from members and see the interest in the Bank, and I hope you found my input useful.

In answer to the further questions please see below:

- 1) *The new First Minister of Wales has pledged to prioritise supporting the green economy in his manifesto. What should be his top investment priorities to start this work off, and why?*

As an Arm's Length Body, we are here to execute government policy rather than make it, so we wouldn't tend to recommend investment priorities. However, as I said in my evidence, governments can play a vital role in setting clear, stable and specific strategic direction that organisations like UKIB can then help execute against and crowd in private finance to support.

- 2) *The Welsh Government says it will face considerable budgetary constraints over the short-term. Are there any innovative approaches you think it should explore to help finance investment in its priorities?*

UKIB operates across the UK, and we are currently mobilising private finance at a ratio of about 1:3 so we play an important role in helping governments meet their investment objectives. We are very happy to work closely with the Welsh Government to think through how to design policy in any of the areas of infrastructure that sit within our mandate in a way that unlocks investment at pace.

- 3) *Please can you give us some more details on the Bristol City Leap private-public energy partnership that you said you had advised on in your evidence.*

The Bristol City Leap Energy Partnership is a Joint Venture (JV) between Bristol City Council and Ameresco that will enable the delivery of over £1 billion of investment in low carbon energy infrastructure. The JV can propose or respond to Council requested projects, develop associated business cases, and then deliver projects. As one of our pilot Local Authority Advisory projects, UKIB seconded one of our sector experts to support the City Leap project. Our role focused on assessing risk allocation, the deliverability of commercial models and supporting the development of concession agreements. By deploying our commercial and financial expertise, we helped the Council develop its thinking and governance arrangements to maximise the impact and benefit of the



partnership between the public and private sector. This is an example of the kind of no cost, impartial advice that UKIB can provide to local authorities who are considering or implementing complex partnership arrangements with the private sector. We can ensure the commercial, financial and governance arrangements for infrastructure projects is fit for purpose to maximise their impact and value for money.

I hope this answers the questions, but if there are any further queries, please do not hesitate to get in touch. Beyond that, if you believe the Bank can play a role in helping to address a specific problem in the priority sectors I outlined, please do bring it to our attention.

All the best

Kate McGavin
Chief Policy and Strategy Officer
UK Infrastructure Bank

Huw Irranca-Davies AS/MS
Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion
Gwledig
Cabinet Secretary for Climate Change & Rural Affairs

Ein cyf/Our ref: HID/PO/0152/24

Paul Davies MS
Chair
Economy Trade & Rural Affairs Committee
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3 June 2024

Dear Paul,

Thank you for your letter of 22 March regarding the ongoing matters at Hybu Cig Cymru (HCC).

I have seen earlier correspondence between the Committee and the previous Minister. I acknowledge the concerns you have raised and your continued interest and thank you for writing again on this matter.

As you note, it would not be appropriate for a Minister to comment on on-going HR matters at HCC. However, my officials continue to be in contact with HCC and if there is more I can say, once the process has concluded, then please be assured that I will write again at that point.

Yours sincerely,



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Agenda Item 4

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Evidence paper for Cabinet Secretary for Climate Change and Rural Affairs for General Scrutiny and a session on the Sustainable Farming Scheme at ETRA Committee

13/06/24

Information provided to aid the Committee in advance of the Minister's attendance for General Scrutiny on 13 June.

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1. Sustainable Farming Scheme (SFS)

1. On 14 May I announced the introduction of a Sustainable Farming Scheme (SFS) Preparatory Phase of activity in 2025 with the proposed SFS Transition Period starting from 2026.
2. We intend to use this Preparatory Phase wisely. It is an opportunity to raise awareness of the benefits of the Scheme Actions. This will help everyone to enter the scheme as easily as possible and ensure the scheme provides maximum benefits for Welsh farmers.
3. This new timeframe will allow me to have the conversations and discussions we need to have with the members of the Ministerial Roundtable. I intend to work at pace to identify areas of agreement and place the emphasis on matters where more work is required.
4. Carbon sequestration actions in the Scheme is an example of an area which will receive further consideration. I expect the group of partners undertaking this work with us to focus on the evidence associated with actions to support additional carbon sequestration and the scale of opportunity in Wales.
5. We will also use this time to undertake a data confirmation exercise which, with feedback from farmers, will provide an accurate picture of the habitat and tree cover across all farms. Under the Habitat Wales Scheme, we saw an increase in the area of habitat land under management this year. I want to build on this success and so I am exploring giving more farmers the opportunity to access support in 2025.
6. During the preparatory phase, we will also work with stakeholders to identify and develop a set of proposals for further Optional and Collaborative Actions, with the aim of introducing these as soon as possible.
7. The analysis of the consultation responses is still ongoing. I will not make any decisions on the scheme until we have carefully considered all of the responses. However, it is clear from feedback, to date, that some changes to the proposal are needed. I will be publishing the consultation analysis along with a Government response in June.
8. Introducing the Scheme in 2026, following a Preparatory Phase, is not a lowering of ambition on climate or nature commitments. There are challenges to resolve before farmers feel confident in the scheme. There are no benefits from introducing a scheme too soon if farmers are unwilling to join.

9. To make the transition easier for farmers, we had already proposed a phased introduction by focusing on the Universal Actions when the scheme starts; this preparatory phase is designed as an additional step to enable that smooth transition.
10. Our ambition for the Sustainable Farming Scheme to support a sustainable, productive agricultural industry in Wales has not changed. Our future farm support needs to deliver multiple outcomes for all of Wales, but must have farmers at the heart of it.
11. This has food production and continued high standards of animal health and welfare as the cornerstone, along with improving environmental performance, responding to the climate emergency and enhancing on-farm biodiversity. These cannot be tackled in isolation. I am committed to keep listening to and working with farmers, as well as all stakeholders to develop a Scheme that will help deliver against our ambition for Wales to be a world leader in sustainable farming.

2. Animal Welfare

1. **Animal Welfare Plan.** We continue to progress our ambitious 5-Year Animal Welfare Plan, including Programme for Government commitments. The Plan will deliver real and lasting improvements to the lives of farmed, companion and other kept animals across Wales and includes a timetable for delivery. Our latest progress review was published earlier this year.
2. **The Mandatory Use of CCTV in Slaughterhouses (Wales) Regulations 2024** were approved by the Senedd on 21 May. The Regulations require CCTV to be installed in all slaughterhouses in areas where live animals are unloaded, kept, handled, stunned, and killed. This is a Programme for Government commitment. The requirements to install and operate a CCTV system and keep CCTV footage and information came into force on 1 June. The offences and powers to inspect, seize and enforce the Regulations will come into force on 1 December. This provides a six-month period where the FSA will support slaughterhouse operators to ensure they are compliant with the regulations, ahead of them being enforced.
3. **The Animal Welfare (Livestock Exports) Act 2024** achieved Royal Assent on 20 May. This UK Government Act prohibits the export of live cattle, sheep, goats, pigs and equines for slaughter and fattening from GB. You made the Animal Welfare (Livestock Exports) Act 2024 (Commencement) (Wales) Regulations 2024 on 22 May. You wrote on 21 May to inform the ETRA Committee of your intention to consent to the UK Government making The Animal Welfare (Livestock Exports) Enforcement Regulations 2024.
4. The Regulations establish enforcement powers, offences, and penalties relating to the prohibition on live export. The anticipated laying date of the Regulations before the UK Parliament, using the draft affirmative procedure, was 5 June. The laying date is now uncertain.
5. **Responsible Dog Breeding and Ownership.** Officials in the Animal Welfare team continue to work closely with third sector organisations, police forces and Local Authorities, and those campaigning for both the welfare of dogs and the safety of the public, to promote responsible dog breeding & ownership in Wales.
6. Following a summit in October 2023, Welsh Government are running a series of events and workshops throughout 2024 to develop and deliver a strategy for its promotion and maintain momentum through collaborative working and engagement.
7. **Regulation of animal welfare.** Our consultation on the licensing of animal welfare establishments, activities, and exhibits closed in March. With over 1,100 responses submitted, officials are currently analysing evidence received and a summary of responses will be published later this year. Our

licensing and enforcement projects are driving significant change at dog breeding premises across Wales. The Welsh Government-funded Animal Licensing Wales Project has delivered training to 63 officers across 22 Local Authorities.

8. **Racing Greyhounds.** We are committed to ensuring the welfare of racing greyhounds in Wales is not compromised. Our consultation on the licensing of animal welfare establishments, activities, and exhibits covered a broad range of issues, including racing greyhounds, and sought evidence on the benefits and impacts of both legislating and banning greyhound racing in Wales. With analysis currently underway, we would not want to pre-empt its outcomes or indicate our next steps at this stage.
9. **The Dogs (Protection of Livestock) (Amendment) Bill.** This was a Presentation Bill put forward by the former UK Secretary of State, Therese Coffey. It received its second reading on 6 February and passed committee stage 24 April. You laid a Legislative Consent Memorandum on the Bill before the Senedd on 8 May. The Business Committee referred the LCM to the ETRA and LJC Committees with a reporting deadline of 5 July. Announcement of a 04 July General Election has regrettably led to the Bill's fall.
10. **Animal Welfare (Import of Dogs, Cats and Ferrets) Bill.** This was a Private Members Bill, sponsored by Selaine Saxby MP. It received its second reading on 15 March 2024 and Officials were awaiting confirmation of committee stage date with a commitment to join UK Government on this Bill. Announcement of a 04 July General Election has regrettably led to the Bill's fall.

3. Bovine TB

Technical Advisory Group (TAG) and Programme Board

1. The bovine TB Technical Advisory Group (TAG) members were appointed via the Welsh Government's public appointments process and announced in a Written Statement on Monday 15 April.
2. The TAG will play a crucial role in developing advice and shaping our TB policy. They are an independent expert group and bring a huge amount of expertise, knowledge and experience to advising us on the approaches, opportunities and challenges of eradicating TB in Wales. Members also have close links to farmers and the farming industry who are key to our partnership approach.
3. The TAG will meet quarterly and provide advice to Welsh Ministers through the forthcoming TB Programme Board. In the interim, until the Programme Board is established, advice will come via our Chief Veterinary Officer. Members of the TB Programme Board are currently being considered via the Welsh Government's public appointments process.
4. Directly appointed *ex officio* members representing the farming unions and others will ensure a strong voice for the industry on the Programme Board once established.
5. The TAG held its first meeting on 17 April. The Group agreed its Terms of Reference and considered its first priority, the on-farm slaughter of TB reactors.

On Farm Slaughter

6. We are aware of the devastation a TB breakdown brings to a farming family and business. In some cases, on farm slaughter is unavoidable if cattle cannot be transported to an abattoir, or if they are unfit for human consumption. However, removing TB infected cattle from the farm as soon as possible is a key element of our TB Eradication Programme to prevent further spread of disease.
7. The TAG met for the first time on Wednesday 17 April and it considered as its first priority the on-farm slaughter of TB reactors.
8. The TAG's review of on-farm slaughter was submitted to Chief Veterinary Officer and Cabinet Secretary who accepted all of the TAG's advice, which focussed on the aim of reducing over time the numbers of cattle slaughtered for TB disease control reasons on-farm in Wales.

9. A Written Statement has been published [Written Statement: Bovine TB Technical Advisory Group Review of Existing On-Farm Slaughter of TB Reactors Policy \(16 May 2024\)](#). | GOV.WALES. Officials continue to work at pace with APHA to implement the changes announced to the on-farm slaughter policy.
10. Farmers will be able to choose to delay the removal of a cow or heifer in the last 60 days of pregnancy and animals that have given birth in the previous 7 days, subject to biosecurity conditions to protect other cattle in the herd. There will also be some flexibility to isolate and delay removal if within a few days of the end of a medicine withdrawal period, on a case-by-case basis.

Pembrokeshire Project

11. A small sample of vets and farmers Pembrokeshire are enrolled in the project, empowering them to make informed decisions and show leadership in disease control.
12. A major cornerstone of the project is identifying residual disease risk in clear testing cattle alongside developing a pathway for mitigating risk from cattle-to-cattle transmission. Farmers and vets are collaborating to identify and slaughter high-risk animals on veterinary advice in an approach that is sustainable to the farm business, while also undertaking farms specific biosecurity measures.
13. As of March 2024, the project is signed up to its capacity of 15 farmers, as is generating wider interest beyond the project farms. Initial reports from the project team and the farmers and vets who are enrolled in the project are promising.
14. The Cabinet Secretary recently visited a participating farm to learn more about progress and listen to those directly involved.

Statistics

15. While statistics from across Wales as a whole show positive progress in tackling TB, with new herd incidents decreasing over the long-term, we recognise the situation varies across the different regions. This is why we are taking a targeted approach.
16. Statistical analyses published last year on badger control policy (BCP) areas in England found a 56% reduction in TB herd incidence over four years of culling, attributing impact to badger culling and additional cattle control measures. Despite these findings, the study acknowledges the challenge

in isolating the effects of badger culling from other cattle management practices.

17. Comparatively, Wales has seen a similar reduction in TB incidence to England over the period 2012-2023 without badger culling, relying on cattle control measures, with some localised targeted badger vaccination. Studies show cattle-to-cattle and badger-to-badger transmission are much more likely than badger-to-cattle and cattle-to-badger, indicating the biggest TB risk to a bovine animal is another bovine animal.

4. Control of Agricultural Pollution Regulations

Introduction

1. Agricultural pollution continues to affect the environment across the whole of Wales, which is detrimental to public health and biodiversity. The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 (the CoAP Regulations), which came into force on 1 April 2021, are based on long-standing good practice recommendations designed to prevent agricultural pollution. The CoAP Regulations included transitional provisions to provide time for farms to adopt the new requirements where needed. The CoAP Regulations will be implemented in full by 1 January 2025.

Purpose of the Regulations

2. The CoAP Regulations are designed to tackle the causes of agricultural pollution in Wales, to contribute to the delivery of a wide range of our international and domestic obligations. They support Wales' continued commitment to the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity, the UN's Sustainable Development Goals and the Gothenburg Protocol. They will contribute to the delivery of the goals of the Well-being of Future Generations Act (Wales) 2015 and the aims of the Environment Act (Wales) 2016.
3. The CoAP Regulations recognise the limits of the global environment by promoting resource efficiency and protecting our heath and natural environment through healthy, functioning ecosystems that support ecological resilience. They will help farms to reduce harmful emissions and improve the management of our natural resources. They will support farms to tackle and reverse the damage to our natural resources identified in the State of Our Natural Resources Report (SoNaRR) for Wales 2020, including the negative impacts of agriculture on biodiversity.

Agricultural Pollution in Wales

4. Natural Resources Wales (NRW) records the number of substantiated agricultural pollution incidents occurring in Wales. In 2023, 151 agricultural pollution incidents were substantiated. The average number of annual pollution incidents as a result of agricultural activity over the last 10 years is 156 and the average occurring over the last 5 years is 157.
5. NRW is currently reviewing the status of waterbodies in Wales. The latest available data from 2021 confirms 140 waterbodies in Wales fail to achieve good status due to agriculture, with a further 232 probably related to

agriculture and 118 suspected as failing due to agriculture, indicating pollution from agriculture is the main cause of failure.

6. There are nine river Special Areas of Conservation in Wales – Cleddau, Eden, Gwyrfai, Teifi, Tywi, Glaslyn, Dee, Usk and Wye. These rivers support some of Wales' most special wildlife, including Atlantic salmon, freshwater pearl mussel, white-clawed crayfish and floating water-plantain. NRW's assessment of these rivers has identified phosphorus breaches are widespread within Welsh SAC rivers, with over 60% of these waterbodies exceeding phosphorous thresholds.
7. While varying from catchment to catchment, the largest proportion of the phosphorus originates from the rural land use sector. Rural land use is the leading contributor of phosphates in 6 of the 9 SAC rivers and in 4 of the 5 failing SAC rivers, and it accounts for 62% of phosphorus loading across all SAC rivers.
8. Welsh Government and NRW have established a Service Level Agreement for the enforcement of the CoAP Regulations, which will enhance NRW's ability to prevent pollution and take action where necessary to ensure compliance with the CoAP Regulations and prevent pollution.

4-Year Review

9. At least every four years, the Welsh Ministers must review the effectiveness of the measures imposed by the CoAP Regulations as a means of reducing or preventing water pollution from agricultural sources and if necessary, revise them. The review must take into account available scientific and technical data and regional environmental conditions. The Welsh Government has committed to the appointment of an independent external chair to oversee the review and an announcement will be made at the earliest opportunity.
10. The Welsh Government has initiated preparatory work for the 4-year review, which is to be completed before April 2025, and started to engage with stakeholders on elements of the review which are required by the Regulations or have previously been committed to by the Welsh Government. This will ensure the review progresses in the interim, without impact on the ability of the chair to carry out their role in full once appointed. This work includes engaging with stakeholders on the alternative measures proposals submitted under Regulation 45 of the CoAP Regulations and with Natural Resources Wales on scientific and technical evidence to support the review.

5. Food

1. On food, a key focus of mine will be join-up. Collaboration will be key to success. We are already seeing areas where emphasis on join-up is growing. The Future Generations Commissioner published his seven-year strategy for 2023-2030, *Cymru Can*. This aims to drive positive change with specific focus on food, with the Commissioner seeking to improve and monitor progress of our public services contribution to the food system. We have worked and will continue to work closely with the Future Generations Commissioner, and I want to see more collaboration of expertise, with interested and diverse parties joining together to challenge, influence and improve the food system and food security in Wales.
2. I will soon be publishing *Food Matters: Wales*. This will summarise and bring together all the major policies and activities relevant to food happening across government. My predecessor, the Minister for North Wales and Rural Affairs and Trefnydd recognised the importance of demonstrating the cross-government engagement, and established a cross portfolio Food Forum, comprising key officials across all departments of Welsh Government. Every food related policy should be developed and delivered in accordance with the sustainable development principle and the five ways of working.
3. Our Community Food Strategy (CFS) continues to develop, and we look to delivering this Programme for Government commitment by the end of 2024. To develop the strategy, we have conducted extensive research including surveys of both the public and community food stakeholders, individual and group meeting with stakeholders, site visits, systems mapping and focus groups. The findings of this research have helped us co-design the new strategy. Information about the development of the CFS is available on the Food & Drink Wales website, including survey results, to keep stakeholders informed. The strategy will be about invigorating and supporting grass roots food related initiatives to capitalise on and to sustain the evident energy and enthusiasm which exists throughout Wales in our communities. I want to harness this enthusiasm and work with stakeholders, across Government, the Senedd and the diverse range of interested organisations and individuals to continue to bolster our evidence on the most effective and efficient routes to take to encourage the production and supply of locally sourced food in Wales, as well as looking at action we can take on food security measure in Wales.
4. There has been much attention recently on food security and system resilience. These are complex and subtle matters which cannot be considered solely in Wales only perspective. Food supply chains are now fully integrated, across the UK with significant international trade. It is vital to understand the risks and to build resilience where it is practical to do so

within Wales, and I believe a focus on improving the co-ordination and leadership of grass roots activity, and more emphasis given to food in well-being planning by public bodies, are pragmatic policies we can pursue.

6.Habitat Wales Scheme

1. The Habitat Wales Scheme is an all-Wales agri-environment scheme supporting the active management of habitat land. It was introduced to offer support to farmers and land managers for habitat management activities, to bridge the period between the closure of former EU funded Glastir scheme contracts on 31 December 2023 and the introduction of the Sustainable Farming Scheme, the proposals for which incorporate support for similar activity.
2. A key aim of the scheme was to provide an opportunity for all eligible farmers in Wales to apply for support to protect habitat land and contribute to meeting our climate change and biodiversity commitments. The last opportunity for Welsh farmers to apply for such a scheme was in 2017.
3. As well as supporting habitats previously under management through Glastir contracts, we aimed to bring additional areas of semi-natural habitat into active management.
4. The scheme Expression of Interest (EoI) window opened 29 September 2023 and closed 10 November 2023.
5. A total of **3,254** EoIs were received.
6. **3166** grant awards were issued with a grant acceptance deadline of 18 March.
7. The key outcomes are summarised in the table below:

Total accepted HWS Grant Awards		2244
Of which:	In Glastir Advanced in 2023	1286
	Not in Glastir Advanced in 2023	804
	Commons	154
Total habitat area (ha)		341,794
Of which:	In Glastir Advanced in 2023 (ha)	202,822
	Not in Glastir Advanced in 2023 (ha)	30,479
	Commons (ha)	108,493
Total Sites of Special Scientific Interest (SSSI)*		358
Total SSSI area (ha)*		76,140

* All figures for SSSIs are included in values above.

8. The total number of contracts issued under the Habitat Wales Scheme (HWS), is slightly higher than those issued and accepted in 2023 under the predecessor Glastir scheme. Within this total, the number of individual farm businesses supported through HWS is 2090, compared with 2048 in Glastir Advanced 2023.
9. 94% of common land previously in Glastir has been maintained under management.
10. The total area of habitat land under management (common land and individual farmers) has increased from 326,220 ha to 341,794 ha.
11. The value of Habitat Wales Scheme awards is £16.11m with applicants claiming support through their SAF 2024.

7. Rural Development Programme (RDP)

1. All the available funding through the Rural Development Programme (RDP) 2014-2020 for Wales, more than £846 million, of which over £564 million was European Union (EU) funds, has been spent. This is subject to the submission of final accounts and any subsequent adjustments by the European Commission.
2. During the programme the Glastir agri environmental scheme budget of over £409 million was made available to farmers, land managers and foresters to support the Climate change and Biodiversity emergencies.
3. A £45 million investment was made to support the modernisation of the farming and forestry industries to increase their resilience and competitiveness. This resulted in over 4,000 jobs either being created or safeguarded through the RDP.
4. Much has been achieved against a backdrop of unprecedented challenges for farmers and rural communities. The ongoing impacts of our exit from the European Union, the Covid 19 pandemic, the war in Ukraine and the cost-of-living crisis continue to have a significant impact on people and businesses in Wales today.

Rural Investment Scheme (RIS) 2022-2024

5. In response to the ending of the EU Rural Development Programme (RDP), which closed on 31 December 2023 the previous Welsh Government announced a package of support worth over £200m over a three-year period to support the rural economy and our natural environment. The funding was aimed at supporting the farming, forestry, and food industries to meet the environmental challenges as part of the transitional phase to the new Sustainable Farming Scheme.

RIS Budget – 2024/25

6. The original RIS budget for 2024/25 was £148m. Welsh Government re-shaped their spending plans to invest more in the NHS and protect core local government funding for schools, and social care. This has meant the final RIS budget has been reduced to £97.64m.
7. As a result, the Rural Affairs portfolio are focused on the support available to prepare farmers and the supply chain for the transition to SFS.
8. Despite the difficult choices that have been made, the previous Minister for Rural Affairs, North Wales and Trefnydd ensured:
 - o A continuation of BPS at £238m.

- Contract offers were made to all eligible applicants to the Habitat Wales Scheme.
- An organic scheme was made available in 2024.
- Existing commitments made through rural schemes were honoured (aside from reductions to Farming Connect and the Sustainable Innovation Scheme).
- Protection of the animal health and welfare budget.

RIS Budget - 2025/26

9. Due to the uncertainty of the UK Government budget outcome, the RIS budget for 2025/26 is yet to be finalised.
10. We do not know what budget we will receive from the UK Government for farm funding in 2025/26. I appreciate that signalling our intention to support interventions carries a risk, but I am willing to take this risk to provide confidence to farmers of our ongoing commitment to the sector.
11. Welsh Government officials are currently preparing for different scenarios to ensure we maximise the budget we receive to support our farmers, their families, land managers and foresters.

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Agenda Item 9

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Agenda Item 10

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