

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 5 March 2020

Meeting time: 09.20

For further information contact:

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Committee Clerk

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Pre-meeting (9.20–9.30) PRIVATE

1 Introductions, apologies, substitutions and declarations of interest

(09:30)

2 Legislative Consent Memorandum in relation to the UK Agriculture Bill – evidence session 2

(9.30–11.00)

(Pages 1 – 62)

Dr Nick Fenwick, Head of Policy – Farmers' Union Wales (FUW)

Nigel Hollett, CLA Cymru Director – Country Land and Business Association (CLA)

Huw Thomas, Political Adviser – National Farmers Union (NFU) Cymru

Attached Documents:

Research brief

Paper – Farmers' Union Wales

Paper – Country, Land and Business Association

Paper – National Farmers Union



BREAK (11.00–11.15)

3 Legislative Consent Memorandum in relation to the UK Agriculture Bill – evidence session 3

(11.15–12.00)

(Pages 63 – 73)

George Dunn, Chief Executive Officer – Tenant Farmers Association

Attached Documents:

Paper – Tenant Farmers Association

4 Paper(s) to note

4.1 Written submission from Meat Promotion Wales on the LCM in relation to the UK Agriculture Bill

(Pages 74 – 75)

Attached Documents:

Paper – Meat Promotion Wales

4.2 Written submission from RSPB Cymru on the LCM in relation to the UK Agriculture Bill

(Pages 76 – 79)

Attached Documents:

Paper – RSPB Cymru

4.3 Written submission from National Trust on the LCM in relation to the UK Agriculture Bill

(Pages 80 – 85)

Attached Documents:

Paper – National Trust

**4.4 Welsh Government response to the Committee's report on the Draft Budget
2020–2021**

(Pages 86 – 96)

Attached Documents:

Paper

4.5 Fuel poverty – Information on relationships and partnerships from Energy UK

(Pages 97 – 99)

Attached Documents:

Letter

**5 Motion under Standing Order 17.42 (vi) to resolve to exclude the
public for the remainder of the meeting**

PRIVATE (12.00–12.30)

6 Consideration of evidence received under items 2 and 3

Document is Restricted

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Newid Hinsawdd,
Amgylchedd a Materion Gwledig
MCD mewn perthynas â Bil
Amaethyddiaeth y DU
NHAMG (5) AB03

Ymateb gan Undeb Amaethwyr
Cymru

National Assembly for Wales
Climate Change, Environment and
Rural Affairs Committee
LCM in relation to UK Agriculture Bill

CCERA(5) AB03

Evidence from Farmers' Union Wales

About the Farmers' Union of Wales

1. The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales, and since 1978 has been formally recognised by the UK Government, and subsequently by the Welsh Government, as independently representing those interests.
2. The FUW's Vision is *thriving, sustainable, family farms in Wales*, while the Mission of the Union is *To advance and protect Wales' family farms, both nationally and individually, in order to fulfil the Union's vision.*
3. In addition to its Head Office, which has thirty full-time members of staff, the FUW Group has around 80 members of staff based in twelve regional offices around Wales providing a broad range of services for members.
4. The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees.

Summary of key concerns

Supply chains and production

5. The FUW supports many of the principles which underpin what the Bill aims to achieve in terms of improving transparency and redressing imbalances of power along supply chains, maintaining standards, monitoring food security, encouraging production and simplifying legislation.

Divergence

6. The FUW has major concerns regarding the degree to which the Bill would in future allow far greater divergence between regulations, budgets, minimum and maximum spending thresholds and other policies and approaches implemented in the four UK nations than would have been allowed under EU regulatory frameworks.
7. The scale of such divergence could potentially be unprecedented in recent history and have the effect of distorting markets and effecting unfair competition between businesses in different parts of the UK.
8. As an organisation which fully supports Welsh devolution, the FUW recognises that divergence is an inherent part of devolution. However, this has previously happened within the boundaries set by EU frameworks, and the Bill and related legislation effectively removes or fails to replace the vast majority of such boundaries, either immediately or over time.
9. As such, the FUW has argued for the UK administrations to agree on a number of frameworks which ensure proportionate rules and spending limits are in place to protect businesses from market distortion and unfair competition, ensure the UK's internal markets and supply chains continue to function properly and meet agreed common objectives which are in all our interests¹.

Protecting UK markets, consumers and farmers

10. The FUW is extremely concerned that the Bill does not introduce means by which to prevent the importation of food produced to environmental, animal welfare and other production standards which fall short of those legally required of UK farmers, notwithstanding the provisions in relation to organic standards in Section 36(5).

¹ [Filling the Void - Steps towards a post-Brexit UK policy framework. FUW Discussion Paper, July 2018](#)

11. Failure to prevent the importation of food produced to lower standards would not only compromise UK businesses required to operate under more costly regimes, but also result in a net fall in environmental and animal welfare standards, as production countries with lower standards would be favoured. Such adverse environmental impacts would include those relating to greenhouse gas emissions.
12. It must also be noted that if products which do not meet standards which are at least equivalent to EU standards are allowed to enter the UK, this will increase friction at UK-EU borders while undermining the UK's ability to reach an acceptable trade deal with the the prosperous EU market which is on our doorstep.

Comments regarding specific parts of the Bill

13. Given that the FUW has many members who farm land in England, the following comments are not restricted to those Sections which relate only directly or indirectly to Wales.
14. Moreover, many of the comments relating to provisions in relation to England are also relevant to the equivalent Sections in Schedule 5 (Provision relating to Wales).

Part 1: Financial assistance

Part 1, Chapter 1: New financial assistance powers

15. The FUW welcomes the requirement for the Secretary of State to have regard to the need to encourage the production of food by producers in England and its production by them in an environmentally sustainable way.
16. Notwithstanding this, the fact that such a requirement relates only to England highlights the potential for divergence between overarching

policies implemented by the UK nations, as referred to above, since a Bill introduced by Wales or Scotland may have an overarching objective which has no regard for or serves to disadvantage food production.

17. We would also emphasise our view that this section of the Bill should recognise the intrinsic value of supporting family farms and the rural communities of which they are an inherent social and economic part.

Part 1, Chapter 2: Direct Payments after EU exit

18. The FUW welcomes the provisions allowing the Basic Payment Scheme to be simplified and made less burdensome for both farmers and government bodies.
19. Whilst the FUW fully supports the introduction of a successor scheme over a lengthy transition period, we would highlight the need for such a scheme to be designed in light of future trading arrangements, national priorities and the need to ensure family farms and rural communities remain economically viable.
20. In this context, we would highlight the fact that the concept of a 'public goods' scheme, as proposed in the previous UK Government's *Health and Harmony* consultation, was conceived some two decades ago and therefore cannot reflect modern needs and priorities nor trading arrangements which have yet to be agreed.
21. As such, the FUW has urged the Welsh and UK Governments to use the UK's exit from the EU as an opportunity to be truly innovative as regards designing future schemes that meet food production, environmental and social needs without placing farming families at a disadvantage compared with the farmers on the continent and in the Republic of

Ireland against whom they will inevitably compete². The impacts of any proposals should be thoroughly modelled before implementation to avoid adverse impacts.

Part 1, Chapter 3: Other financial support after Brexit

22. The FUW generally welcomes the provision of powers relating to other financial support after Brexit, but would reiterate the view that such support should fall within a defined framework.

Part 2: Food and agricultural markets

Part 2, Chapter 1: Food security

23. The FUW supports the requirement to prepare and lay before Parliament a report containing an analysis of statistical data relating to food security in the UK.
24. However, it must be noted that the fall in global food supplies from 2007 onwards which led to rationing and extreme civil unrest in many countries occurred rapidly, and it is therefore believed that such a report should be prepared annually, and that a maximum frequency of five years does not sufficiently reflect the food security risk to the UK.

² [FUW response to the Welsh Government's Sustainable Farming and our Land consultation, Oct 2019 \(see section 5.74 - Alternative proposal for supporting farmers in a manner consistent with Sustainable Land Management\)](#)

Part 2, Chapter 2: Intervention on agriculture markets

25. The FUW welcomes the measures in relation to exceptional market conditions in England, but once again notes the dangers that such a declaration and subsequent interventions in England, without equivalent moves in Wales, would introduce market distortions given the close relationship between English and Welsh producers and processors.
26. As such, it is believed the Bill should ensure that the Secretary of State (or the Welsh Ministers or DAERA, in terms of Schedules 5 and 6) have regard for the need to work with other administrations in order to minimise such adverse impacts.

Part 3: Transparency and fairness in the agri-food supply chain

Part 3, Chapter 1: Collection and sharing of data

27. The FUW generally welcomes the provisions in relation to the collection and sharing of data, but would emphasise the need to ensure that such data is not of a nature which disadvantages farmers either collectively or individually. As such, the FUW supports those objectives referred to in Section 23.
28. However, given that supply chains extend across the UK, we would once again raise the issue of possible divergence between data collection and sharing requirements in different parts of the UK, and the need therefore for the UK Government to work closely with devolved administrations to ensure relative uniformity.
29. Moreover, supply chains will also extend to countries outside the EU, and there is therefore a danger that limiting data collection

requirements to activities in England or the UK will disadvantage UK producers and processors or even encourage them to source food from outside the UK.

30. In this context, it is notable that price and market transparency measures currently being considered by the EU would extend, where relevant, to Third Countries, and it is believed that the Bill should take account of how transparency may be extended to include imported produce.

Part 3, Chapter 2: Fair dealing with agricultural producers and others in the supply chain

31. While Section 27 gives the Secretary of State welcome powers to impose written contracts or specific contract terms, the Bill might also be amended to extend the powers of the Groceries Adjudicator to cover all major operators along the whole supply chain.

Part 3, Chapter 3: Producer organisations

32. Whilst the provisions in relation to producer organisations are welcome, Chapter 3 raises questions in terms of how devolved administrations with powers in relation to agriculture should be properly involved in the process of approving an application to become a producer organisation.
33. As such, where an application by farmers in a devolved nation is supported by that nation's devolved Government but objected to by the Secretary of State, the Bill in its current form would fail to place any weight on the view of the devolved administration, despite that administration having a range of other powers over agriculture (including many granted through the Bill).

Part 4: Matters relating to farming and the countryside

Part 4, Section 32: Identification and traceability of animals

34. The FUW has significant concerns that Section 32 allows the Secretary of State to assign functions to a body established under Section 87(1)(a) of the Natural Environment and Rural Communities (NERC) Act 2006 relating to the identification of animals, and collecting, managing and making available information on animal identification, movement and health in all parts of the UK.
35. Under Sections 87(2) and (3) of the NERC Act, an order may specify only one geographic area in relation to which assigned functions are exercisable, but Section 32(1) of the Agriculture Bill may grant powers to that body relating to other geographic areas.
36. As such, a body governed by a board comprising members from, or representing only one geographic area, with current powers to act in only that area, may, under Section 32, be granted powers relating to the identification of animals, and collecting, managing and making available information on animal identification, movement and health in other geographic areas of the UK.
37. Such an outcome would significantly undermine devolved administrations and democratic answerability in an unacceptable way, and the FUW therefore believes that significant changes should be made to Section 32 to negate these concerns.
38. Notwithstanding this, the FUW fully supports the maintenance of single UK databases which collate information relating to animal traceability and identification from national databases in order to rapidly respond to, for example, disease outbreaks. However, the FUW believes that the responsibility for such data should sit with a UK Government body.

Part 4, Section 33: Red meat levy: payments between levy bodies in Great Britain

39. The FUW fully supports the provisions under Section 33 given that many millions have been paid by Welsh farmers to levy bodies outside Wales, effectively making such funds unavailable for promotion, research and other activities under the direction of the Welsh levy board Hybu Cig Cymru.

Part 5: Marketing standards, organic products and carcass classification

Part 5, Section 35: Marketing standards and Section 38: Carcass classification

40. Given that Section 35 relates to marketing standards for agricultural products marketed in England; that Part 4 of Schedule 5 of the Bill relates to marketing standards for products marketed in Wales; and the degree of trade between England and Wales, we would suggest that the Bill should include an obligation for the Secretary of State and Welsh Ministers to avoid any adverse impacts caused by divergence while respecting devolved powers and needs.
41. Similar concerns exist in relation to Section 38 and the equivalent part of Schedule 5 in terms of differences between carcass classifications introduced in England and Wales.

Part 5, Sections 36 and 37: Organic products

42. Whilst Section 36 relates to organic standards and related matters across the UK, Section 37 provides powers relating to Section 36 to the Secretary of State in any case, and to each of the devolved administrations where the regulations would be within the legislative competence of that administration.

43. On the one hand, this raises concerns about divergence between standards required of organic producers in different parts of the UK despite major supply chains extending across all four nations, while on the other, Section 37(1)(a) implies that the Secretary of State might be able to override decisions made by devolved administrations.
44. This gives rise to significant concerns and confusion, and once again we would emphasise the need for the Bill to ensure divergence can take place only within thresholds agreed by all UK administrations, such that devolution is respected but unfair competition and market distortion minimised.
45. Section 36(5) allows regulations to be made in relation to the import of organic products into the UK.
46. The FUW welcomes this provision, but believes that, where possible in terms of World Trade Organisation rules, the Bill should be amended to include equivalent Sections which prevent the import of products which do not comply with those standards, including environmental and animal health and welfare standards, required of UK farmers either by law or under certification schemes other than those related to organic products.

Part 6: WTO agreement on agriculture

Part 6, Section 41: Regulations under section 40: limits on provision of domestic support in the United Kingdom

47. It is notable that Section 41 stands in stark contrast to the regimes currently and previously in place under the Common Agricultural Policy, in that regulations relating to the latter set a multitude of thresholds which include both minimum and maximum percentages for different types of support and intervention.

48. By contrast, Section 41 appears to refer only to maximum limits, potentially allowing major divergence between overall and targeted spending in each of the UK nations.
49. As such, the FUW believes that Section 41 should be amended to allow regulations to be introduced, following consultation and agreement between the four UK nations, which specify both minimum and maximum spending thresholds in relation to specific policy areas³.

Part 6, Section 42: Regulations under section 40: classification of domestic support and provision of information

50. The FUW welcomes the provisions under Section 42 in terms of categorising different types of support and dispute resolution. However, as indicated at 49., it is believed that multiple categories of support should be defined and considered.

Schedule 3: Agricultural tenancies

51. The FUW generally welcomes the proposed amendments to the Agricultural Holdings Act 1986 and the Agricultural Tenancies Act 1995.
52. However, the FUW would support further amendments to those Acts in line with its response to the 2019 Agricultural Tenancy Reform Consultation, either through the Bill or under separate legislation.

³ Please see page 15 (Financial Frameworks) of [Filling the Void - Steps towards a post-Brexit UK policy framework. FUW Discussion Paper, July 2018](#)

Schedule 5: Provision relating to Wales

53. Notwithstanding the concerns expressed in relation to the need for frameworks which reduce the scope for divergence between the UK nations, the FUW generally supports the provision relating to Wales.
54. Schedule 3 of the previous (2017-2019) Agriculture Bill provided the Welsh Ministers with significantly less flexibility than is currently the case under the (now transposed) EU Regulations, as it merely replicated the equivalent English section of the Bill, focussing on mechanisms by which to replace the Basic Payment Scheme with a public goods scheme. Moreover, the similarities were such that even the agricultural transition period for both the English and Welsh sections were identical, despite the two administrations having consulted on different transition periods.
55. As such, the FUW welcomes the fact that the new Agriculture Bill makes no such prescriptive proposals, either for Wales or England, thereby allowing both administrations to design genuinely innovative schemes in light of post-transition period trading arrangements and modern needs and priorities.

Schedule 5, Part 1: Financial support after EU exit

56. The FUW welcomes those provisions allowing the Welsh Ministers to extend, modify, simplify or improve the Basic Payment Scheme and make penalties more proportionate.

Schedule 5, Part 2: Interventions in agricultural markets

57. The FUW would reiterate the comments made at 25. and 26. in relation to Chapter 2 of the Bill, particularly in relation to the need to ensure that the the Welsh Ministers have regard for the need to work with other

administrations in order to minimise market distortion and unfair competition.

Schedule 5, Part 3: Collection and sharing of data

58. The FUW would reiterate the comments made at 27. to 30. in relation to Part 3 Chapter 1, particularly in relation to possible divergence between data collection and sharing requirements in different parts of the UK, and the need therefore for the Welsh Ministers to work closely with other administrations to ensure relative uniformity.

Schedule 5, Part 4: Marketing standards and carcass classification

59. The FUW would reiterate the comments made at 40. and 41. In relation to Chapter 3, Part 5, Sections 35 and 38, particularly in relation to the need for the Bill to include an obligation that administrations avoid any adverse impacts caused by divergence while respecting devolved powers and needs.

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CLA Background

CLA Cymru's membership reaches nearly 3,000 rural businesses. In Wales we play a full and dynamic part in Government and stakeholder engagement. Part of a well-established UK-wide organisation, the CLA represents some 30,000 members – some 80% of land in England and Wales.

In Wales the CLA represents many farms, but significantly many farm businesses which have developed additional business activities. Such activities may be referred to as diversifications, but their association with a foundation farm business defines them as mutually-dependent. It means that we represent the broadest possible range of economic players in the rural economy.

Whilst we are perceived and engage as experts in agricultural issues, we also have knowledge and experience relating to the breadth of issues affecting rural businesses, including concerns with planning, investment and economic development, skills provision, connectivity and physical infrastructure and housing.

We have maintained that a strong case for change exists in Welsh agriculture. Farms reliant on CAP are barely breaking-even, soil and water-quality are deteriorating and the existing system does not take sufficient account of today's and future generations' priorities: tackling climate change, improving responsible access to the countryside and changing diet. Brexit – and its related process – offers an opportunity to change.

CLA Cymru welcomes the opportunity to contribute evidence to inform the Committee's consideration of the Legislative Consent Memorandum on the Agriculture Bill and to present this on the 5th March and take questions.

In Wales we work closely with the Welsh Government and the National Assembly for Wales including with individual Assembly Members and MPs. As an England-Wales organisation we ensure that all our policies reflect the devolution agenda in Wales and to reflect this our submission is being led by CLA Cymru (hereafter referred to as CLA). We have a dedicated team in Wales and the Director Wales will attend the Committee on the 5th March.

Key points

CLA supports the UK Agriculture Bill to enable the provision of financial support to farmers in Wales from the end of 2020, and to ensure the effective operation of agricultural markets in Wales and across the UK. We would not wish to see an “internal market” effectively being created in the UK due to significant disparities between the devolved nations and England, and urge Welsh Government to work with their counterparts to ensure this does not become a reality. Certain time-limited powers provided for by this UK Government Bill will be used until an Agriculture (Wales) Bill is introduced to the Assembly. CLA looks forward to continuing to work with the CCERA committee and Assembly members, to ensure a future Bill works for Welsh farmers, land managers and other rural businesses.

CLA welcomes the reintroduction of the UK Agriculture Bill as a crucial part of the UK’s future farming and land management policy. There are welcome additions that apply to Wales in addition to some omissions that we envisage will negatively affect Welsh farmers and land managers. The CLA welcomes the inclusion of:

- A requirement to report on UK food security;
- The range of powers to ensure an intra-UK level playing field covering fertilisers; traceability of animals and organic marketing standards;
- Powers in schedule 5 to continue payments after EU exit, collection and sharing of data, marketing standards/carcass classification and data protection.

The majority of current proposals relating to agricultural tenancies are not a major concern, and CLA welcomes:

- Provisions relating to landlord investments, which will provide protection for both landlords and tenants;
- Removal of the minimum retirement age of 65 for AHA tenants;
- The widening of the pool of potential arbitrators.

However, the CLA has significant concerns about:

- The proposal on landlord's consent or variations in terms under 1986 Act, which could lead to irreversible land use changes being imposed by a third party;
- The removal of the Commercial Unit Test.

Trade

CLA wishes to see an inclusion in the Bill that ensures that Welsh and other UK producers are not undercut by imports produced to lower environmental and animal welfare standards. We have a strong, historic record in the UK of ensuring this is not the case and our global, trade negotiations need to take this on board as part of the Brexit and trade negotiations. As we also indicate above, we would not wish to see an internal UK market arising which would have no benefit for either producers or consumers.

Rural Development

The Rural Development programmes in the UK will finish at the end of 2020. Although it is expected that the multiannual commitments under the agri-environment schemes will continue, consideration has to be given to providing much needed support to other aspects of the rural economy which include broader socio-economic schemes

Part 2 Clause 17, Food Security

We support the inclusion of a clause to ensure the Defra Secretary of State publishes a report on Food Security. It is vital that Welsh Government is included in the methodology planning for the report so that Welsh (and other Devolved Administrations) are able to extrapolate their own data to inform future policy making in the individual jurisdictions that constitute the UK.

Part 4 (Clauses 31-32) (Fertilisers and Traceability of Animals) Part 5 (Clauses 36-37) (Organic products) Part 7 (Clauses 43-44) and Schedule 5 (Wales).

CLA Cymru does not have any issues with the above clauses and supports the development of an Agriculture (Wales) Bill in addition to the next stage of the *Sustainable Farming and Our Land* consultation. These will be central to develop

a land use policy that works for Wales while also contributing to wider UK matters that are not devolved.

Ensuring a common framework between all nations of the UK will be important to prevent distortion between farmers and land managers operating under different jurisdictions. Updating fertiliser regulations to reflect changes in technology and production is also supported as is ensuring the legislation for livestock identification is up to date to support the introduction of new electronic identification.

Part 4 (Clause 34) and Schedule 3 (Agricultural tenancies)

Schedule 3 of the Agriculture Bill sets out seven proposals of legislative reform for agricultural tenancies. We understand that the intention is that these changes will support productivity growth in the agriculture sector. All except one relate to tenancies under the 1986 Agricultural Holdings Act (AHA - secure tenancies for up to 3 generations) and the other applies to both AHA and Agriculture Tenancy Act 1995 (ATA, with agreements often referred to as Farm Business Tenancies (FBT) which are more flexible. Some of the proposed changes are considered non-contentious, and indeed offer some benefits to landowners, but others are a cause for concern.

CLA position

- The Tenancy Reform Industry Group (TRIG) has been reviewing tenancy issues. The key to effective reform is to ensure that there is a partnership approach and a system that is flexible and works with the rights of both landowner and tenant. This is particularly important in a context of considerable uncertainty in terms of what transition away from direct payments will look like in practice, and in terms of future trading relationships.
- The CLA is sympathetic to those changes that could support environmental delivery and sustainable productivity growth, including investment, modernization and greater professionalism in land management.
- We want a buoyant tenancy sector: in-hand farming does not suit everyone's business model and it provides opportunities for new entrants and for innovative farming models. But in times of uncertainty, it's important to avoid changes that might make landlords more risk-averse and lead to a reduction in land being let out. Reforms in Scotland have significantly affected the rented sector and we need to be careful not to do the same in England and Wales by tacking rushed amendments, which could lead to major infringement of property rights, onto this Bill.

The majority of current proposals are not a major concern, and the CLA welcomes:

- Provisions relating to landlord investments, which will provide protection for both landlords and tenants.
- Removal of the minimum retirement age of 65 for AHA tenants.
- The widening of the pool of potential arbitrators.

The CLA has significant concerns about:

1. Request for landlord's consent or variations in terms under 1986 Act: dispute resolution
 - This amendment allows for regulations to be made that would enable a tenant to access dispute resolution where a landlord either withholds consent to activities that are restricted under the terms of the tenancy agreement or does not agree to requests for a variations of terms, where that tenant is seeking to meet a statutory obligation or access financial assistance schemes. The arbitrator's deliberation would be binding on the landlord.
 - The CLA's view is that this provision should not be included in the Bill. We expect that in the overwhelming majority of cases, an agreement will be found. However, a landlord may be justified in maintaining restrictions in tenancy agreements (e.g. for landscape protection, prevention of environmental impacts, fit with management plans for the wider holding or tax consequences). As drafted, the provision presents a fundamental risk of infringement of landlords' property rights, as irreversible long-term decisions on how their land is used could be imposed on them.
 - If it is to remain in the Bill, there must be supplementary clauses to ensure that landlord interests are taken into consideration, particularly around the issues listed under the previous point.
 - In addition, it would be appropriate that if a decision to vary terms is taken against the wishes of the landlord for the financial gain of the tenant, then there should be provision to switch the rent review formula to that in the 1995 Act.
2. Succession on death or retirement – conditions relating to the Commercial Unit Test and the Suitability Test.
 - i. While an enhanced Suitability Test might succeed in raising standards (which the CLA would welcome), the abolition of the Commercial Unit Test is not appropriate.

- ii. The Commercial Unit Test means that a potential successor cannot take on the tenancy if they are farming another holding that can sustain the employment of 2 full time employees. This is an important test that should be maintained. It is not appropriate that a tenant's close relative already successful elsewhere should be entitled to take on a 1986 Act tenancy with reduced rent. It does not meet the stated goals of opening up the market to new entrants.

In line with TRIG recommendations, the CLA would support the introduction of an amendment of the 1995 Agricultural Tenancies Act to establish notice procedures applicable to all FBTs of more than 2 years, to allow recovery of land under certain events such as non-payment of rent, death of the tenant, breach of covenant or conditions, and, short notice in the event of planning consent for change of use to be obtained.

Future trade agreements

CLA want to see an inclusion in the Bill that ensures Welsh and other UK producers are not undercut by imports produced to lower environmental and animal welfare standards. The UK is about to enter into a period of negotiations with the EU and the rest of the world regarding its future trading relationship. The negotiations with the EU are to end on 31 December 2020 with the end of the transition period. The Prime Minister has set out a series of principles that will underpin future UK trade policy including non-alignment with EU regulations. In addition, there have been assurances that the UK Government will 'maintain high standard for the environment and animal health and welfare', but these have not been committed to legislation. If the UK Government pursues a trade policy based on regulatory autonomy it could cause significant friction within the agri-food supply chain with the real potential of putting pressure on producer returns in Wales.

Given the geographic proximity of the UK to the EU, UK agri-food trade is closely integrated with that in the EU and any restrictions to that trade, whether it be regulatory or through more complex customs arrangements, will have a negative effect on the profitability and productivity of producers.

A significant divergence in approach to regulation and standards by the UK government could lead to the UK agri-food sector having to put in place two different production processes, one for the UK and one for the EU market. This could lead to higher costs in the agri-food supply chain and potentially restrict access to the EU market.

If the UK government decides a policy of significant regulatory autonomy and moves away from EU regulations, it is possible that food and welfare standards will

be lowered. This could lead to a flood of cheaper imports and undercut domestic producers. It is well evidenced that UK consumers buy on price, not necessarily quality or welfare. The sow stall ban in 2006 graphically illustrates what can happen to an agricultural sector if divergent regulatory approaches are taken. In this instance, the UK pig sector suffered greatly as a result of having to meet welfare standards which were not applied in the EU until 10 years later. The result was the halving of producer numbers in the UK due to the effects of unfair competition and cheaper imports.

UK producers could find themselves in the same situation if the UK government was to unilaterally apply higher standards to domestic producers whilst failing to protect the UK market from cheaper imports from EU and non-EU countries. Any future approach has to carefully consider the costs and benefits from moving away from existing technical, welfare and safety standards. If these standards are eroded, they risk damaging the UK's own ability to develop and compete in other markets in the future, leading to a failure to deliver the choice and quality UK consumers demand.

Rural Development

The Rural Development programmes in the UK will finish at the end of 2020. Although it is expected that the multiannual commitments under the agri-environment schemes will continue, consideration has to be given to providing much needed support to other aspects of the rural economy which include broader socio-economic schemes. It is clear that there have been significant benefits in supporting new businesses through diversification and this will become ever more important in the post Brexit era.

Any delay in putting in place the proposed UK Shared Prosperity Fund (UKSPF) could have a number of negative consequences for the rural economy to remain productive. What is required is a commitment from UK Government that there will not be a funding gap between the end of the Rural Development Programmes and the birth of the UKSPF. We know that the rural economy is dynamic but this can only be exploited if rural businesses continue to be supported through devolved government intervention with funding from Westminster. It has to be recognised that diversification, if used effectively, can be a transformative policy instrument. But this will only be possible if UK Government extends the existing rural development socio-economic scheme funding to fill any void in public-private rural investment.

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CCERA(5) AB06
Evidence from National Farmers Union

General remarks

1. NFU Cymru welcomed the reintroduction of the UK Government's Agriculture Bill to Parliament earlier this year, after the previous version was lost because of the December's early general election. NFU Cymru is pleased that 2020 version of the Bill has addressed some of the concerns held by NFU Cymru with regard to the version of the Bill published in 2018.

2. The Bill is by and large enabling legislation, providing fairly broad powers to current and future UK and Welsh Ministers to undertake various actions. Although this second iteration of the Bill is far more modest in its scope in relation to the powers which it confers on Welsh Ministers, there remain a number of provisions within the Bill which will apply in Wales, and which will impact on Welsh agriculture.

Clause 17 – Food Security

3. NFU Cymru has consistently sought to bring to successive governments' attention the decline in food security and domestic self-sufficiency since the 1980s. Our domestic supply base has declined over the course of the last three

decades to the point that we are now only 61% self-sufficient in temperate foodstuffs¹.

4. The Agriculture Bill will impose a duty on the Westminster Government to report on UK food security every five years. NFU Cymru welcomes this provision, which represents a change on the previous version of the Agriculture Bill which imposed no such duty on Defra Ministers.

5. It is NFU Cymru's view that a duty arising at least once every five years is not sufficiently ambitious, and we would suggest instead that Defra Ministers should be obliged to report to Parliament on food security, at least once a year. We believe that an obligation to report yearly is particularly important as the UK goes through the Brexit process and seeks to found new trading relationships with the EU27 and much of the rest of the world, and as the home nations each transition away from the old CAP schemes towards different arrangements for supporting agriculture.

6. We would also point out that clause 17 does not place any obligations upon Defra Ministers to act in response to any adverse findings as regards food security. There should be clearer requirements relating to the degree of domestic self-sufficiency and a clear commitment to prevent any further declines in self-sufficiency.

Clauses 27-30 – Fair dealing in the supply chain

7. We welcome the fact that the Bill will allow for UK Government Ministers to introduce legislation relating to contracts between business purchasers of agricultural products and qualifying sellers, and can include creating obligations for the parties to contract in writing, to include or exclude certain terms and around pricing mechanism.

8. Clauses 27-30 are welcome, including the significant flexibility that they confer on the Secretary of State to legislate in relation to contracts. We also welcome the provisions in the clauses around enforcement and penalties in the event of a

¹ <https://www.nfuonline.com/back-british-farming/campaign-news/nfu-calls-for-government-commitment-on-british-food-self-sufficiency/>

breach. The clauses do not however impose a duty on the Secretary of State to act, rather they provide him or her with a discretionary power to act.

9. Because of the enabling nature of the Clause 27-30 provisions, their effectiveness or otherwise, in addressing issues in the supply chain will be depend in large part on the drafting, operation and enforcement of the secondary legislation.

Clauses 31-32 – Provisions around fertilisers and animal ID

10. NFU Cymru does not take any particular view on Clause 31 relating to fertilisers.

11. In relation to clause 32 and animal ID, NFU Cymru recognises that animal diseases do not respect national borders and robust systems for animal identification, underpinned by the latest IT are needed not only for the purposes of preventing disease spread, but also to ensure that the UK is able to abide by the terms of any trade agreements it has entered into as far as those agreements may impose requirements relating to the identification and tracing of animal movements.

12. Significant numbers of animals do move across the Wales-England border, and our members will be concerned to ensure that they are able to continue to do so, freely and without friction. Key to this will be ensuring that databases in each jurisdiction are able to talk to one another and exchange information in a seamless fashion.

13. What information is held on each database, who has access to it and how will it be gated, and other operational considerations will need to be the subject of agreement between Defra and Welsh Government.

Clause 33 – The Red Meat Levy

14. The issue of repatriating the red-meat levy has proven to be a difficult and apparently insoluble problem, for many years. NFU Cymru has been pressing hard for parties to come together and find a mutually agreeable solution to this

difficulty, so that red-meat levy collected in one GB country can be paid to a levy body in another GB country. We successfully lobbied for provision around the red meat levy to be included in the first iteration of the Agriculture Bill, and we were pleased to see that it was also included in the second iteration of the Agriculture Bill.

15. The Bill should now equip the various parties with the powers that they need to reach a fairer distribution of levy funds. Farmers in Wales will be looking to all parties concerned to work together collaboratively to resolve this issue by arriving at an equitable and mutually agreed arrangement for the sharing out of the levy. We would emphasise that the powers that are about to be conferred upon the various parties need to be properly utilised and should fall into abeyance.

16. Any arrangements around alternative methods of sharing out levy funds, should not be to the exclusion of joint working between the levy boards at the pre-competitive stage, including collaborative work around red-meat and health and climate change.

Clause 34 – Agricultural tenancies

17. NFU Cymru notes the amendments that the Bill proposes to make to the Agricultural Holdings Act 1986. It is as yet unclear how these reforms at Clause 34 will integrate and mesh with the new agricultural support policy that the Welsh government is in the process of formulating.

18. NFU Cymru has long expressed concern for the tenanted sector and farm businesses who do not own the land they farm. The tenanted sector is important to Welsh agriculture, and we do not want the Welsh Government to move forward with the implementation of new policies to replace the CAP, until the impacts on the tenanted sector are properly understood, and until it can guarantee full and equal access to future support to farmers who do not own the land they farm.

19. Further to this, the extent to which the proposed future scheme will lead to widespread land use change (and the removal of tenants from the land to achieve that) cannot be understood at this stage

20. Welsh Government have previously confirmed their intention to ensure fair access to future support schemes by ensuring that contracts are not set for prohibitively long periods of time and that there are a wide range of environmental outcomes which can be achieved through agricultural activity, and by providing advice on tenancy agreements to tenants and landlords. We look to Welsh Government to honour these undertakings as it takes forward policy development.

21. NFU Cymru would like to have seen the Agriculture Bill make provision for requests for landlords' consent or variation of terms under the Agricultural Tenancies Act 1995 (i.e. farm business tenancies), in addition to Agricultural Holdings Act 1986 tenancies.

Clauses 36 and 37 – Organic products

22. Wales has a relatively high proportion of organic agriculture, with 5.1% of our land area farmed organically, compared to 3.3% of England's land area². It is important that the integrity of our organic sector is protected both domestically and in export destinations.

23. The organic sector is potentially highly exposed to Brexit on account of certification requirements. For the duration of the transition period our certification bodies continue to be recognised by the competent authorities as being able to attest to the compliance with EU organic regulation of products bearing that certification body's logo.

24. Although we know that food and feed registered as organic in the EU27 will continue to be accepted as organic in the UK, we do not as yet know whether the EU27 will continue to recognise food and feed registered in the UK as organic, to be organic³.

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/758533/organics-statsnotice-23nov18.pdf

³ <https://www.gov.uk/guidance/trading-and-labelling-organic-food-if-theres-no-brexite-deal>

25. NFU Cymru recognises the need which may therefore arise to regulate in relation to the certification of organic produce and activities relating to organic products. We also note with interest the provisions at 36(5) and (6) which would allow the restriction or prohibition of the import of organic products for the purposes of controlling standards. We believe that this sets an interesting precedent which could be extended to the conventional sector as well.

Clauses 40-42 – WTO Agreement on Agriculture

26. NFU Cymru notes that overall responsibility for ensuring that UK policies on domestic support are compliant with the WTO Agreement on Agriculture, will rest with the UK Government. We accept this as the UK Government is the signatory to the Agreement on Agriculture at the WTO.

27. We do however note that the Bill, as drafted, would equip the Secretary of State with some quite significant powers in terms of setting an overall UK limit on domestic support, as well as domestic support limits for each of the home nations. This is even though there remains ample headroom within the Agreement on Agriculture with regard to Amber Box support in the UK. At Clause 41(4) it would appear that the Defra Secretary of State may introduce his own ceilings on support even when there is no prospect of the UK exceeding its Amber Box allowances with regard to the Agreement on Agriculture. The Bill also proposes that the Secretary of State should act as the final arbiter with regard to any decisions around the classification of support.

28. The exercise of these powers by Defra Ministers could therefore have the effect of constraining future policy choices in Wales by imposing limits on spending and precluding certain types of support.

29. NFU Cymru notes the bilateral agreement reached between UK Government and Welsh Government⁴ on 21st March 2019 as to how these provisions would operate in practice. Although this agreement related to the first iteration of the Agriculture Bill, we understand from comments made by Welsh Government to

⁴ <https://www.gov.uk/government/publications/agriculture-bill-progress-with-devolved-administrations/a-joint-statement-by-the-uk-government-and-the-welsh-government-bilateral-agreement-on-the-agriculture-bill-and-world-trade-organisation-wto-agree>

the House of Commons' Agriculture Bill Committee⁵ that the provisions reached in the bilateral agreement will be carried over with this Bill.

Clauses 43-44 and Schedule 5 – Wales

30. The decision not to take powers allowing for the development and operation of future agricultural support schemes in Wales is of course a matter for Welsh Ministers.

31. NFU Cymru recognises the greater expediency that the UK Government Agriculture Bill route would have offered Welsh Ministers in this regard. It is however our view that using the National Assembly to pass an Agriculture (Wales) Bill in due course, is more consonant with the purposes having a devolved legislature and puts the legislative process back where it belongs.

32. Although Schedule 5 does not carve out powers for Welsh Ministers to transition to or operate future agricultural support schemes in Wales, provisions in Schedule 5 will provide Welsh Ministers with delegated powers to legislate in areas previously occupied by EU, and make changes to retained EU law.

33. In particular, NFU Cymru would draw the Committee's attention to Schedule 5, Part 1 Paragraph 2. In the 2020 iteration of the Agriculture Bill, powers conferred upon Welsh Ministers to modify legislation governing the basic payment scheme remain unaltered from the 2018 iteration, and allows Welsh Ministers to modify the basic payment scheme in order to simplify or improve it, including terminating greening payments.

34. Powers for Ministers in England (at Clause 9) to modify legislation governing the basic payment scheme are far greater in their ambition, and reference simplifying the administration of the scheme, making its operation more efficient or effective, removing spent provisions, removing or reducing burdens and ensuring that sanctions and penalties are appropriate and proportionate.

⁵ [https://hansard.parliament.uk/commons/2020-02-13/debates/edcf61eb-0322-4656-970c-1996f29e0dbc/AgricultureBill\(ThirdSitting\)](https://hansard.parliament.uk/commons/2020-02-13/debates/edcf61eb-0322-4656-970c-1996f29e0dbc/AgricultureBill(ThirdSitting))

35. The fact that powers to modify legacy BPS legislation in Wales are more modest does in our view represent a missed opportunity to deliver a genuine simplification of the CAP in Wales

36. NFU Cymru is pleased to see that powers for Welsh Ministers to act in the event of exceptional market conditions are present at Schedule 5. We note that the powers conferred upon Welsh Ministers are discretionary, and do not compel Welsh Ministers to act in the event of there being exceptional market conditions. We would further note that the term 'exceptional market conditions' is predicated on there being a 'severe' disturbance to agricultural markets or a serious threat of a 'severe' disturbance to agricultural markets. NFU Cymru would suggest that the threshold of a 'severe' disturbance should be replaced with one of a 'significant' disturbance.

General Observations on the UK Government's Agriculture Bill

37. NFU Cymru wishes to make the observation that the Bill, as it stands, represents a missed opportunity to legislate with regard to environmental, animal health and welfare standards in imported produce. Despite multiple assurances from various UK Government Ministers around food standards after Brexit, the UK Government has failed to write such safeguards into the Agriculture Bill.

38. In this regard we would draw the Committee's particular attention to Clause 36 (5) and (6) which allow Defra Ministers to restrict or prohibit the import of organic products for the purposes of controlling standards relating to organic products equivalent to those applicable in the UK. We cannot see why similar safeguards cannot be introduced with regard to prohibiting the import of food produced to lower standards than those operational in the UK.

39. Ultimately, it is futile for Governments in each of the home nations to develop comprehensive and ambitious domestic support policies, simply for the efforts of our farmers to be fatally undermined through the importation of products not produced to environmental, animal health and welfare standards which would be expected of them domestically.

40. For trade and agricultural policies to properly cohere, the Agriculture Bill needs to contain provisions requiring that all imported into the UK should be

produced at least to equivalent standards of animal health and welfare, and environmental protection that are demanded of our own farmers.

41. We would add as a final observation that the border between England and Wales is straddled by many hundreds of farms, which means that strong collaboration between UK Government, Defra and Welsh Government is needed on a number of issues to ensure that businesses which operate cross-border and not disadvantaged in any way.

Agenda Item 3

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Newid Hinsawdd,
Amgylchedd a Materion Gwledig
MCD mewn perthynas â Bil
Amaethyddiaeth y DU
NHAMG (5) AB01
Ymateb gan Cymdeithas y Ffermwyr
Tenant

National Assembly for Wales
Climate Change, Environment and
Rural Affairs Committee
LCM in relation to UK Agriculture Bill

CCERA(5) AB01
Evidence from Tenant Farmers
Association

Introduction

- 1.1 The Tenant Farmers Association in Wales (TFA Cymru) is pleased to provide written evidence to the Welsh Assembly Climate Change, Environment and Rural Affairs Committee to inform its consideration of the Legislative Consent Memorandum on the UK Agriculture Bill.
- 1.2 TFA Cymru is only organisation dedicated to representing the interests of those who do not own the land they use for agriculture in Wales. Its membership comprises farms of all types and sizes but active, family farms predominate.
- 1.3 The tenanted sector of agriculture is responsible for farming at least one third of the agricultural area of Wales and approximately one quarter of that is now let under Farm Business Tenancies (FBTs). Sector by sector, the proportion of farmed tenanted land is slightly higher in the upland, livestock and dairy sectors in comparison to other sectors.
- 1.4 TFA Cymru recognises the opportunity afforded by the UK withdrawal from the European Union to put in place bespoke policies for food, farming and the countryside in the four countries of the United Kingdom and we recognise that this is a time of change, not just for agriculture but for the whole nation. We have taken note of the decision of the Welsh Government not to seek to include provisions to allow for new financial assistance schemes which will instead form part of specific legislation in Wales following the conclusion of the Assembly elections. We therefore envisage the transition to new arrangements in Wales to take somewhat longer than in England. TFA Cymru believes it is sensible to take time to ensure that new schemes are developed well rather than just quickly and therefore this additional time is to be welcomed. However, it must be used productively to

ensure that new schemes properly reflect the needs of Welsh farmers and wider Welsh society

Context

- 2.1 Notwithstanding the opportunities that arise following our exit from the European Union, there are also challenges. In particular, the UK Parliament is having to consider the Agriculture Bill without fully understanding the future trading relationships between the UK and the European Union and our position within the WTO in the event of the UK failing to reach a Free Trade Agreement with the EU before the Implementation Period Completion Date (currently 31 December 2020).
- 2.2 This uncertainty will have a significant impact on the profitability, resilience and sustainability of Welsh agriculture. It must be recognised that whatever policy framework is put in place by any new legislation, there must be sufficient flexibility to respond appropriately when there is greater certainty in our international trade position, particularly with respect to the European Union. In this respect we welcome the decision of the Welsh Government to delay moving away from the existing arrangements too quickly.

General Comments on the Bill as it Impacts on Wales

- 3.1 TFA Cymru acknowledges that the Bill as presented has seen some significant change in comparison to the Bill introduced in the last Parliament. We are grateful to see several improvements including the requirement upon the UK Government to report on food security and on reform of agricultural tenancies.
- 3.2 However, there remain areas where TFA Cymru believes that the Bill needs further improvement in respect of its application to Wales and these are explained further within this written evidence. Where appropriate, TFA Cymru has drafted suggested amendments to the Bill which it would encourage the Committee to recommend that Welsh Government presses the UK Government to introduce. These can be found in Annex 1.

Multi-Annual Financial Assistance Plans

- 4.1 The TFA in England has welcomed the requirement upon the UK Secretary of State to prepare Multiannual Financial Assistance Plans, something which was entirely missing from the previous Bill. However, within the context of Devolution, TFA Cymru would wish to see a legislative commitment to the principle that the four countries of the United Kingdom are provided with at least the same level of funding as they received previously to deliver agricultural and rural development policies and that this funding must be earmarked for the delivery of the objectives set out within the Bill.

Part 2: Chapter 1 – Food Security

- 5.1 TFA Cymru welcomes the recognition of the need to consider matters of food security and that the Bill contains a requirement for the UK Government to prepare and lay before Parliament a report on food security. However, TFA Cymru is disappointed that for such an important issue this is only to occur once every five years. As this is such an important issue, TFA Cymru believes this should be an annual requirement upon the UK Government. To achieve this, TFA Cymru supports the tabled amendment **number 7** in the name of Fiona Bruce
- 5.2 TFA Cymru also believes that the Government must be required to specify food security targets and to identify any actions it needs to prioritise in consultation with the Devolved Administrations if those targets are not being met. See amendment **TFA6**.

Schedule Five Part2 - Exceptional Market Conditions

- 6.1 TFA Cymru welcomes the provisions within the Bill to allow for financial and other assistance to be made available to the farming industry at times of exceptional market conditions. TFA Cymru would wish to be assured that this will cover natural phenomena such as drought, flood and disease as well as economic phenomena that may impact upon markets.
- 6.2 TFA Cymru would also wish to have an assurance from the Welsh Government that this part of the legislation will cover not only situations of “acute” hardship or difficulty but that it will also be able to be invoked if “chronic” or long-lasting difficulties are apparent. This might involve things like endemic disease or structural changes in agricultural markets which may require farmers to undergo significant adjustment.
- 6.3 TFA Cymru offers amendment **TFA7W** as a solution to these issues.

Part 3: Chapter 1 - Collection and Sharing of Data

- 7.1 TFA Cymru welcomes this Part of the Bill as it will provide the potential for a greater degree of information to be available about the operation of supply chains that will lead to more informed negotiation between farmers, processors, retailers and food service outlets. This has important links to the provisions set out in Part 3 Chapter 2 of the Bill dealing with provisions to ensure fairness within the supply chain.

Part 3: Chapter 2 - Fair Dealing with Agricultural Producers and Others in the Supply Chain

- 8.1 TFA Cymru is delighted that the UK Government is proposing to reserve significant powers to regulate the operation of supply chains and, in

particular, relationships between farmers and first purchasers. TFA Cymru believes that this is a vitally important role for Government in the face of significant market failure within agriculture and food supply chains. However, it is concerning that the UK Government does not see this forming part of an expanded role for the Groceries Code Adjudicator. TFA Cymru sees no reason why this responsibility should be placed anywhere else other than with the Groceries Code Adjudicator. See amendment **TFA8**.

Part 5: Marketing Standards, Organic Products and Carcass Classification

9.1 TFA Cymru welcomes the inclusion within the Bill of powers for the Government to set marketing standards for agricultural products. It will be important to ensure that these are used to protect the high standards of production evident on Welsh farms in respect food safety, animal welfare and environmental management. It will be important to see this joined up with the Government's policy on international trade such that these same standards apply to agricultural products imported into the UK from abroad. The UK Government has given an oral commitment to protect our high standards in trade and in signing new free trade agreements, but this also must be supported by clear legislation in order to sustain these arguments within the context of the World Trade Organisation. TFA Cymru supports either of the tabled amendments numbered **NC1** in the name of Luke Pollard or **NC4** in the name of Simon Hoare.

Agricultural Tenancies

- 10.1 TFA Cymru is very pleased that the Bill includes Schedule 3 with amendments to certain aspects of agricultural tenancy legislation which formed part of the consultations on tenancy reform conducted the Welsh Government in 2019. From discussions with Welsh Government, it has decided to proceed with what it considers to be the most urgent matters and those which were least contentious considering the consultation responses.
- 10.2 TFA Cymru is pleased to support all the changes that are being made but there is a need for certain aspects to be improved.
- 10.3 Whilst we welcome the new provisions which will allow a tenant the ability to object to a refusal from the landlord for consent to enter into a scheme introduced under the financial assistance provisions of the Bill or to carry out works in accordance with a statutory obligation, currently this only applies to tenancies regulated by the Agricultural Holdings Act 1986. These provisions must be extended to tenancies regulated by the Agricultural Tenancies Act 1995. See amendment **TFA9**.
- 10.4 Also, the Bill envisages that tenants can use these new provisions only if the landlord's consent is required by the terms of the tenancy agreement or by a variation of the terms of the tenancy. However, this should be widened to

include any situation where landlord's consent is required. For example, whilst a tenancy agreement itself may not require landlord's consent, a scheme under which financial assistance has been provided may by its own terms require the tenant to have obtained landlord's consent before participating. See amendment **TFA10** (also included with **TFA9**).

- 10.5 In addition, TFA Cymru believes it is opportune to look at widening this provision, as originally envisaged by the Tenancy Reform Industry Group and the Welsh Government consultation, to include the ability to counter restrictions upon tenants in tenancy agreements which would prevent either or both of the full and efficient farming of the holding or environmental improvements. See amendment **TFA10** (also included with **TFA9**).
- 10.6 TFA Cymru also believes it is necessary to make it a requirement for regulations to be brought forward to give effect to the clauses providing tenants with the opportunity of objecting to a landlord's refusal for consent. See amendment **TFA11** (also included with **TFA9**).
- 10.7 Given that Welsh ministers are not reserving powers for financial assistance schemes, there is a need to ensure that the provisions of this part of the schedule apply as and when Welsh Ministers come forward with new financial assistance schemes. See amendment **TFA12** (also included with **TFA9**).
- 10.8 There was a further legislative change which was not deemed to be contentious following the tenancy reform consultations which, inexplicably, has not been taken forward in this Bill. This was a provision to encourage landlords to consider letting for longer periods of time on Farm Business Tenancies (FBTs). The proposal was to allow landlords granting new FBTs with an initial minimum term of 10 years and without Landlords' scheduled break clauses, the ability to terminate the tenancy early in the following circumstances:
- non-payment of rent (as an alternative to forfeiture);
 - breaches by the tenant of contractual terms or conditions;
 - the death of the tenant;
 - the landlord's need to remove land from the holding where planning consent has been granted for non-agricultural use.
- 10.9 To achieve this, the TFA is proposing amendment **TFA13**. At the same time, the Agricultural Holdings (Arbitration on Notices) Order 1987 should be updated to provide the opportunity for tenants to serve a counter notice in respect of any Notice to Remedy served by a landlord, not just those requiring work.
- 10.10 During the debate on Second Reading in the House of Commons, there was a call for the Bill to provide an extension to the eligibility for tenancy succession under the Agricultural Holdings Act 1986 to nephews, nieces and

grandchildren. TFA Cymru would support this extension and has prepared amendments **TFA14** and **TFA15** for consideration in this respect.

Conclusion

11.1 TFA Cymru would welcome support from Climate Change, Environment and Rural Affairs Committee for the changes it is proposing to the Bill.

Annex 1 – Proposed Amendments

TFA6

Section 17, page 14, after line 32 insert the following:

- (3) As part of the report the Secretary of State must set out food security targets and specify and implement any necessary actions required to ensure those targets are met.

TFA7W

Schedule 5, Section 6, page 60 replace lines 32 and 33 with following:

- (a) there is an acute or chronic disturbance in agricultural markets or a serious threat of an acute or chronic disturbance in agricultural markets caused by economic or environmental factors, and

TFA8

Part 3, page 17 after line 33 insert the following:

Chapter 1

Groceries Code Adjudicator

- (20A) The Adjudicator established by the Groceries Code Adjudicator Act 2013 shall be responsible for ensuring compliance with Part 3 of this Act.

Then renumber subsequent Chapters.

TFA9 (New Clause)

Schedule 3, Part 2 Page 56 after line 8 insert the following:

Requests for landlord's consent or variation of terms

30 Before section 28 insert—

27A Disputes relating to requests for landlord's consent or variation of terms

- (1) The appropriate authority must by regulations make provision for the tenant of an agricultural holding to refer for arbitration under this Act a request made by the tenant to the landlord where—
 - (a) the request falls within subsection (3), and
 - (b) no agreement has been reached with the landlord on the request.
- (2) The regulations may also provide that, where the tenant is given the right to refer a request to arbitration, the landlord and tenant may instead refer the request for third party determination under this Act.
- (3) A request falls within this subsection if—
 - (a) it is a request for—
 - (i) the landlord's consent to a matter which under the terms of the tenancy requires such consent, or
 - (ii) a variation of the terms of the tenancy, or
 - (iii) the landlord's consent to a matter which otherwise requires such consent
 - (b) it is made for the purposes of—
 - (i) enabling the tenant to request or apply for relevant financial assistance or relevant financial assistance of a description specified in the regulations, or
 - (ii) complying with a statutory duty, or a statutory duty of a description specified in the regulations, applicable to the tenant, or
 - (iii) to secure either or both of the full and efficient farming of the holding or an environmental improvement, and
 - (c) it meets such other conditions (if any) as may be specified in the regulations.
- (4) The regulations may provide for the arbitrator or third party on a reference made under the regulations, where the arbitrator or third party considers it reasonable and just (as between the landlord and tenant) to do so—

- (a) to order the landlord to comply with the request (either in full or to the extent specified in the award or determination);
 - (b) to make any other award or determination permitted by the regulations.
- (5) The regulations may (among other things) make provision—
- (a) about conditions to be met before a reference may be made;
 - (b) about matters which an arbitrator or third party is to take into account when considering a reference;
 - (c) for regulating the conduct of arbitrations or third party determinations;
 - (d) about the awards or determinations which may be made by the arbitrator or third party, which may include making an order for a variation in the rent of the holding or for the payment of compensation or costs;
 - (e) about the time at which, or the conditions subject to which, an award or determination may be expressed to take effect;
 - (f) for restricting a tenant’s ability to make subsequent references to arbitration where a reference to arbitration or third party determination has already been made under the regulations in relation to the same tenancy.
- (6) The provision covered by subsection (5)(e) includes, in the case of a request made for the purpose described in subsection (3)(b)(i), conditions relating to the making of a successful application for assistance.
- (7) In this section—
- “appropriate authority” means—
- (a) in relation to England, the Secretary of State, and
 - (b) in relation to Wales, the Welsh Ministers;
- “relevant financial assistance” means financial assistance under—
- (a) section 1 of the Agriculture Act 2020 (powers of Secretary of State to give financial assistance),
 - (b) section 19 of, or paragraph 7 of Schedule 5 to, that Act (powers of Secretary of State and Welsh Ministers to give financial assistance in exceptional market conditions), or
 - (c) a scheme of the sort mentioned in section 2(4) of that Act (third party schemes),or

- (d) a scheme of financial assistance in whatever form introduced by Welsh Ministers;

“statutory duty” means a duty imposed by or under—

- (a) an Act of Parliament;
- (b) an Act or Measure of the National Assembly for Wales;
- (c) retained direct EU legislation.

TFA10

Schedule 3 Clause 7 page 50 delete lines 25 to 36 and replace with:

- (3) A request falls within this subsection if—
 - (a) it is a request for—
 - (i) the landlord’s consent to a matter which under the terms of the tenancy requires such consent, or
 - (ii) a variation of the terms of the tenancy, or
 - (iii) the landlord’s consent to a matter which otherwise requires such consent
 - (b) it is made for the purposes of—
 - (i) enabling the tenant to request or apply for relevant financial assistance or relevant financial assistance of a description specified in the regulations, or
 - (ii) complying with a statutory duty, or a statutory duty of a description specified in the regulations, applicable to the tenant, or
 - (iii) to secure either or both of the full and efficient farming of the holding or an environmental improvement, and

TFA11

Schedule 3 Clause 7, page 50, line 15, leave out “may” and insert “must”

TFA12

Schedule 3 Clause 7 page 51 at the end of line 34 delete “;” and replace with:

,or

- (d) a scheme of financial assistance in whatever form introduced by Welsh Ministers;

TFA13 (New Clause)

Schedule 3, Part 2 Page 56 after line 8 insert the following:

30 Before section 8 insert -

Termination of tenancies of 10 years or more

7A - (1) Where a farm business tenancy has been granted for a fixed term of 10 years or more without any provision for the landlord to terminate the tenancy on a specific date or dates during the fixed term the landlord may serve notice to quit on the tenant of the holding using the provisions of the Agricultural Holdings Act 1986 Schedule 3 Parts I and II in accordance with the Agricultural Holdings Act 1986 Schedule 4 and all Orders introduced as mentioned in that schedule in respect of the following cases -

- (i) Case B
- (ii) Case D
- (iii) Case E
- (iv) Case F
- (v) Case G

(2) In addition to any compensation required to be paid to the tenant by the landlord following the termination of a tenancy using Case B, the landlord shall pay additional compensation to the tenant at an amount equal to ten years' rent of the holding or attributed to the part of the holding upon which notice to quit has been served at the rate at which rent was payable immediately before the termination of the tenancy.

TFA14 (New Clause)

Schedule 3, Part 1 Page 54 after line 20 insert the following:

21A The Agricultural Holdings Act 1986 Section 49(3) shall be replaced with:

(3) In this section and sections 50 to 58 below (and in Part I of Schedule 6 to this Act as applied by section 50(4))—

“close relative” of the retiring tenant means—

- (a) the wife husband or civil partner of the retiring tenant;
- (b) a brother or sister of the retiring tenant;
- (c) a child of the retiring tenant;

- (d) a nephew or niece of the retiring tenant;
- (e) a grandchild of the retiring tenant;
- (f) any person (not within (b) or (c) or (d) or (e) above) who, in the case of any marriage or civil partnership or other cohabitation to which the retiring tenant has been at any time a party, has been treated by the latter as a child of the family in relation to that marriage or civil partnership or other cohabitation;

TFA15 (New Clause)

Schedule 3, Part 1 Page 54 after line 20 insert the following:

21B The Agricultural Holdings Act 1986 Section 35 (2) shall be replaced with:

- (2) In sections 36 to 48 below (and in Part I of Schedule 6 to this Act)—
“close relative” of a deceased tenant means—
 - (a) the wife husband or civil partner of the deceased;
 - (b) a brother or sister of the deceased;
 - (c) a child of the deceased;
 - (d) a nephew or niece of the deceased;
 - (e) a grandchild of the deceased;
 - (f) any person (not within (b) or (c) or (d) or (e) above) who, in the case of any marriage or civil partnership or other cohabitation to which the deceased was a at any time a party, was treated by the deceased as a child of the family in relation to that marriage or civil partnership or other cohabitation;

Agenda Item 4.1

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Newid Hinsawdd,
Amgylchedd a Materion Gwledig
MCD mewn perthynas â Bil
Amaethyddiaeth y DU
NHAMG (5) AB07
Ymateb gan Hybu Cig Cymru

National Assembly for Wales
Climate Change, Environment and
Rural Affairs Committee
LCM in relation to UK Agriculture Bill

CCERA(5) AB07
Evidence from Meat Promotion Wales'

Submission of written evidence by Hybu Cig Cymru - Meat Promotion Wales

Hybu Cig Cymru - Meat Promotion Wales (HCC) is the statutory industry-led levy organisation responsible for the development, promotion and marketing of Welsh lamb, beef and pork. It undertakes promotional campaigns at home and abroad, is involved in research and development which benefits the efficiency and sustainability of the whole red meat supply chain, as well as collating and analysing market intelligence.

As a part of the Climate Change, Environment and Rural Affairs Committee's work on the UK Bill, regarding the new provisions requiring the Assembly's consent (namely food security, fertilisers and identification and traceability of animals, agricultural tenancies and organic products), HCC wish to specifically comment on section 32 - identification and traceability of animals. We also wish to highlight the need for levy repatriation powers and have comments on section 33 - red meat levy: payments between levy bodies in GB.

Section 32 - Identification and traceability of animals

Section 32 allows the establishment of a body which could have functions (relating to the identification of animals; collecting, managing and making available information on animal identification, movements and health) assigned to it which are in relation to England, Scotland and Wales. As such, we believe there is a risk that a body with current powers to act in only one geographical area could be granted powers in other geographic areas of the UK, thereby undermining devolved arrangements.

Section 32 also refers to requirements to establish systems for identification and registration of animals not being applicable to England. We are unclear from the wording of this section as to the implications on devolved arrangements and would ask the Committee to further investigate the rationale and implications of this.

Section 33 – Red Meat Levy: payments between levy bodies in GB

HCC is delegated by Welsh Ministers to raise the Welsh Red Meat Levy and undertake the promotion and development functions in respect of the Welsh red meat industry as outlined in the Red Meat (Wales) Measure 2010.

Statutory levy has existed in the red meat sector for a number of years to fund activities to assist with the development of this sector, notably work that would not be carried out under normal market conditions. E.g. R&D, brand marketing, market research and facilitation of market access leading to export certification. This is a result of the fragmented nature of the industry and the fact that producers in these sectors, and in many cases processors too, are invariably too small to be able to resource such areas of work themselves.

Red meat levy (raised on all cattle, sheep and pigs slaughtered in GB) is collected at the point of slaughter (abattoirs) by the Red Meat Levy Board in that country. The levy is therefore based on the geographical location of abattoirs and not on the origin of the livestock. Levy collected at abattoirs in England, Scotland and Wales is currently used by the Red Meat Levy Board in that particular country regardless of where the animal originated.

The current methodology of red meat levy apportionment therefore fails to take into account the trading patterns that exist across GB borders. Levy paid by the producers who are breeding, rearing and finishing animals in one country may be used to fund the red meat promotional and developmental activities in another. Furthermore, the system is extremely vulnerable to changes and restructuring within the abattoir sector and the long-term trend has been towards fewer larger abattoirs located more closely to large centres of population.

Devolution of policy, strategy and delivery to the separate GB administrations means that each Red Meat Levy Board is accountable both to their respective Ministers and to their levy payers. As a result, the perceived lack of accountability and inequality within red meat levy apportionment, in regard to the benefit levy payers receive when their livestock are slaughtered in a different country, is a key consideration for the Red Meat Levy Boards in agreeing a change to the levy system.

Following a series of discussions on joint working, it has been agreed by the Red Meat Levy Boards across GB that red meat levy apportionment needs amending, so that levy is apportioned in a way which reflects the livestock production activity across England, Scotland and Wales.

The three GB Red Meat Levy Boards were tasked by GB Ministers to determine a fair and equitable methodology for future levy redistribution. This work has now concluded and an agreed methodology has been presented to GB Ministers.

Legislation is currently in place in England, Scotland and Wales to control how red meat levy can be used and as such legislative changes will be required to accommodate a new levy apportionment system.¹ The Bill makes provision to confer powers on Ministers, acting jointly, to establish a scheme that requires agricultural boards within GB to redistribute levy between themselves. HCC welcomes this provision and is content with the detail.

¹ England: Agriculture and Horticulture Development Board Order 2008.

Scotland: Quality Meat Scotland Order 2008.

Wales: Red Meat Industry (Wales) Measure 2010.

Agenda Item 4.2

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Newid Hinsawdd,
Amgylchedd a Materion Gwledig
MCD mewn perthynas â Bil
Amaethyddiaeth y DU
NHAMG (5) AB08
Ymateb gan RSPB Cymru

National Assembly for Wales
Climate Change, Environment and
Rural Affairs Committee
LCM in relation to UK Agriculture Bill

CCERA(5) AB08
Evidence from RSPB Cymru

The RSPB has a number of priorities with regards to the Agriculture Bill, that it shares with likeminded organisations and coalitions that are advocating for policies that secure sustainable land management and deliver public value for public money. These priorities include:

- **Maintain the core principle of ‘public money for public goods’.** This is essential to the reforms set out by the UK Government, and to meeting a range of environmental and animal welfare commitments.
- **Secure legal safeguards on environmental, food safety and animal welfare standards** of imports, to ensure that farmers in the UK are not undercut by imported food produced to lower standards. This is not currently included in the bill.
- Build on the Conservative manifesto commitment to maintain funding, with **a long-term funding framework in the bill**, providing the certainty that farmers need to have confidence in these reforms. There is currently no long-term funding framework outlined in the bill.
- Funding commitments should be backed up by a duty on ministers to set budgets for the proposed **multi-annual financial assistance plans that reflect the scale of financial need** associated with the aims of the bill, related environmental targets, and needs of the climate and environment emergency.
- *Funding commitments and mechanisms should encompass the needs of **devolved Governments***
i.e. there should be an assurance of adequate funds for Governments across the UK, to be used appropriately to help meet devolved policies and priorities.

- Introduce **powers to protect the environment and animal welfare and better regulate farming and land management**, building on our current baseline standards. This is a major gap in the bill at present.
- Ensure that all **spending on productivity measures contributes to the provision of public goods, securing win-wins for farming and the environment**, and contributing toward more sustainable, humane food production
- **Improve fairness in the supply chain**, by placing a duty on ministers to use the powers in the bill that would better regulate the relationship between farmers and the purchasers of agricultural products

The introduction of new duties to (a) have regard to food production in the exercise of the financial assistance purposes in clause 1 of the Bill, and (b) to provide a report to Parliament every five years relating to the food security of the United Kingdom are seen as broadly positive given the former specifically requires that:

“In framing any financial assistance scheme, the Secretary of State must have regard to the need to encourage the production of food by producers in England and its production by them in an environmentally sustainable way.”

This inclusion should (*still requires proper legal opinion*) address concerns around there being no requirement in the original bill to consider sustainability when supporting investments in productivity under clause 1(2).

We are comfortable with the inclusion of both new duties, however we believe that **any further movement in this direction is likely to compromise the core environmental principles of the Bill, and its potential effectiveness.**

RSPB Cymru, 28th February 2020 **Food production in the context of the Agriculture Bill¹.**

¹ The following applies equally to policy proposals for Wales.

There has been significant debate about food production in the context of the Agriculture Bill. The provision of public goods can and should go hand-in-hand with the production of healthy, sustainable food. A key element of the bill are the powers to improve the position of farmers in the supply chain and enable a better market return for the food and other marketable goods that they produce. It is essential that the Government use these powers, and the bill should place a duty on Ministers to do so.

With a fairer supply chain enabling a better return for marketable goods to farmers and growers, and public money for non-marketable public goods, the bill can be described as having at its heart a dual income strategy for the future of farming: a better income from the market for food and other products. And a stable and justifiable income from the public in return for the environmental and animal welfare benefits that society demands, but which the market does not reward.

In some cases, farmers will be rewarded for managing their land in ways that benefit the environment that may be unconnected to food production, such as large-scale tree planting to tackle the climate emergency. In other cases, public money will pay for changes to the way that farmers grow food that produce wider public benefits, such as the adoption of regenerative and agroecological farming methods that benefit biodiversity.

In the context of the latter, there is an increasing body of evidence that investing in our natural environment can yield real benefits for food production. A major study² published in 2015 found that putting 8% of an arable farm into environmental measures, and managing these intensively for wildlife, led to a 25% increase in net yield for flowering crops (field beans), and no net loss of yield for wind pollinated crops (wheat and barley). This was due to the increase in pollinators and crop pest predators arising from the creation of habitats such as wildflower margins.

For hill farming, there are an increasing number of farmers within in the industry who are taking a more extensive, nature-friendly approach to farming and land management in order to improve their profitability. A report recently commissioned by the RSPB, National Trust and The

Wildlife Trusts³ makes the case that having fewer livestock often improves environmental outcomes, whilst also reducing variable and fixed costs. In a sector where agricultural activity is generally loss making, and farmers are price takers, reducing costs is known to be the best way of improving profitability and building financial resilience. This report demonstrates that nature-friendly hill

² Pywell, R.F., et al (2015) Wildlife-friendly farming increases crop yield: evidence for ecological intensification. Proc. R.Soc. B 2015 282 20151740;DOI1098/rspb.2015.1740.

³ Clark, C., Scanlon, B., Hart, K. (2019) Less is more: Improving profitability and the natural environment in hill and other marginal farming systems. Available at <https://www.wildlifetrusts.org/sites/default/files/2019->

farming, supported by public money for public goods, can not only deliver significant environmental benefits to society, but also improve the underlying profitability of the agricultural operation.

Changes to the Welsh schedule:

The removal of powers to provide financial assistance beyond modifying existing CAP schemes is welcomed⁴. The original proposal to retain powers (in Wales) to provide extensive financial assistance, including general financial assistance to farm, forestry and rural businesses, had the potential to undermine developing and future progressive land management policies (in Wales and across the UK) based on public goods and value for money.

We also view the introduction of a sunset clause of the end of 2024 for many of the provisions in the schedule as a positive as this creates the imperative for the Welsh Government to develop new policy.

⁴ This statement is based on the understanding that payments beyond the CAP in Wales will be enabled via a Welsh Agriculture Bill.

Agenda Item 4.3

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Newid Hinsawdd,
Amgylchedd a Materion Gwledig
MCD mewn perthynas â Bil
Amaethyddiaeth y DU

NHAMG (5) AB09
Ymateb gan Yr Ymddiriedolaeth
Genedlaethol

National Assembly for Wales
Climate Change, Environment and
Rural Affairs Committee
LCM in relation to UK Agriculture Bill

CCERA(5) AB09
Evidence from National Trust

Submission from the National Trust in Wales to the Climate Change, Environment and Rural Affairs Committee, Welsh Assembly

The National Trust (NT) exists to care for the special places of Wales so that they can be enjoyed everyone, forever. We place great importance on the conservation, management and enjoyment of the natural and historic environment both within and beyond our boundaries. We care for 157 miles of beautiful Welsh coast, 46,000 hectares of land, 97% of which is registered as agricultural, and ten of the fourteen peaks over 3000 feet. We are the guardian of 18 of Wales's finest castles, houses, gardens and industrial sites. We care for archaeological sites, designed and cultural landscapes, buildings, architecture and parks and gardens, 175 Scheduled Ancient Monument and 381 listed buildings. We currently have approximately 240 agricultural tenancies, 6000 volunteers and welcomed 1.8 million visitors to our properties in the last year. Two-hundred thousand National Trust members live in Wales.

We believe that the UK's withdrawal from the European Union presents an opportunity to establish an ambitious and environmentally responsible land management policy. Given the twin threats posed by the climate emergency and biodiversity crisis there is an urgent need to introduce a system in which sustainable and forward-looking land based businesses can thrive and deliver what the nation and the public want, within a framework of protection and restoration of all aspects of our precious natural and historic environment.

The current subsidy system is not delivering for farmers, society or the environment. Leaving the EU provides an unprecedented opportunity to revitalise our countryside in a way that meets the needs of people and the environment, for generations to come. The National Trust therefore supports the Agriculture Bill's introduction of a new environmental land management system for England based on the principle of public money delivering public goods and by extension we would like to see a similar basis for Wales (a devolved matter). Specifically this

should apply to benefits (public goods) such as adaptation to climate change, improved water quality, soil quality, heritage conservation and public access, for which no functioning market exists.

As the UK looks to urgently address climate change and biodiversity loss, the Agriculture Bill in England and similar instruments across the devolved nations, will be some of the most important tools to unlock and deliver practical solutions. However, these should not be seen as the totality of UK government food and farming policy. They must be supported by long-term funding, based on an independent assessment of need, alongside the provision of good quality advice for farmers, safeguards against the import of low standard food, and the enforcement of environmental standards and protections.

Given the urgent need for environmental restoration, there should be no delay in transitioning to a new system and there is a need to maintain a clear focus for public spending by not broadening the list of public goods. Productivity support must help deliver public goods.

We welcome many of the new provisions in the Bill and the overall commitment to a public goods model. Especially welcome are those provisions relating to multi-annual financial plans, and broad powers to ensure fairness in the supply chain, although we believe that these can be strengthened further. We also want provisions to ensure high standards of farming and land management, and better regulation. This is currently a major gap due to prospective loss of Cross Compliance within the Basic Payment Scheme.

Upland farmers are well-placed to deliver public goods, such as improving water quality, enhancing landscapes and managing upland streams to improve water quality and reduce flood risk. These farms can profit from a system based on public money for public goods, and should receive dedicated help to move to the new system.

National Trust view of devolved powers and UK frameworks

We recognise that the UK will need to operate as a single market once it leaves the EU's single market and that this requires the UK government to have single rules on many regulations if it is to agree trade deals with other countries. However, we believe that powers which are currently devolved, including most environmental matters, should be passed on to the devolved administrations following departure from the EU. We believe that Westminster should not seek to re-reserve (ie. take back any powers which are currently devolved), that the subsidiarity principle should apply and that the distribution of funding for agriculture and land use should be on the basis of need, not population as with the Barnett formula.

There is thus a need to move to a shared UK framework, based on the following:

- Maintaining a set of common principles and ambitions/agreed framework across all four nations is highly desirable, to avoid a race to the bottom and to address cross-border issues (landscapes, rivers and ecosystems do not recognise political borders).
- Allow for UK to show commitment to international commitments that it has signed up to individually or as part of the EU.
- Ensure UK acts as a single market for the purposes of signing new trade agreements

Common principles should include commitment to strong and independent environmental governance, polluter pays principle, precautionary principle, subsidiarity. The common principles/framework should not be set at Westminster and 'imposed' on devolved nations so should be agreed jointly by all four countries – ie. all four nations should opt into 'pooling' their sovereignty. We would like to see this principles clearly set-out in the Bill.

The framework should set standards, but should be sufficiently flexible to allow for implementation at the devolved level, in ways which reflect national differences. The details needed in the framework may depend on the nature of future trade agreements (eg whether UK strikes out on its own or just mirrors EU regulations). The framework should set out that funding for environment and agriculture should be allocated on the basis of need, drawing on research carried out with RSPB and Wildlife Trusts^{1,2}

Specific comments – our comments in blue

Clause 17: Duty to report to Parliament on UK food security, as defined by five factors. We note that food security often becomes conflated and confused with the idea of self-sufficiency or 'food sovereignty'. Put simply, if the aim is food sovereignty, then the aim of policy should be to reduce food exports. If the aim is food security, then the policy should be to have good relations and a trade policy to support imports and international supply chains, but not at any cost. In terms of the ability of the UK to respond to a global crisis that interrupts global food networks, then a more optimal approach is to support farmers and other land

¹ Rayment, M. (2017). Assessing the costs of Environmental Land Management in the UK. Commissioned by the RSPB, National Trust and Wildlife Trusts. Accessed from: <https://www.nationaltrust.org.uk/documents/assessing-the-costs-of-environmental-land-management-in-the-uk-final-report-dec-2017.pdf>

² Rayment, Matt. (2019). Paying for public goods from land management: How much will it cost and how might we pay? Final Report A report for the RSPB, the National Trust and The Wildlife Trusts. 10.13140/RG.2.2.11704.49929

managers to deliver other outcomes during ordinary times - for instance farming for environmental results – but retaining their ability to increase production if a crisis was to emerge.

Protecting and enhancing the asset base, like soil, pollinators and water, will therefore be fundamental to retaining our ability to produce food well into the future, with less reliance on imported or unsustainable inputs.

If reports are mandated, they should go both to Parliament and to Welsh Government as cooperation will be essential in dealing with issues around food security and food and farming are devolved matters.

Clause 27: Fair dealing obligations of business purchasers of agricultural products Powers for UK Secretary of State to impose obligations on business purchasers of agricultural products in relation to contracts they make for the purchase of such products from qualifying sellers, including mandatory terms. It is difficult to see how this would work on a UK basis as Welsh Government view this is a devolved matter, as it is confined to the agricultural sector. However, we are open to receiving and considering more information on how this might work.

Clause 31: Fertilisers Powers on Ministers to regulate content of fertilisers and of material intended for the feeding of animals. We expect Welsh Ministers to use these powers to help support a proposed Clean Air Act for Wales.

Clause 32: Identification and traceability of animals. Powers relating to collecting, managing and making available information regarding the identification, movement or health of animals, or the means of identifying animals. Welsh Government view that these are devolved matters as they relate to the agricultural sector, animal health and animal welfare. We support this view.

Clause 33: Red Meat Levy: payments between levy bodies in Great Britain. Repatriation to Wales of levy payments (approx. £1m pa) collected when Welsh livestock are slaughtered in England. We welcome this clause and believe that investment from the repatriated levies should be used to develop local supply chains in support of the Sustainable Farming Scheme in Wales.

Clause 44: Duration of provision in relation to Wales. Ensures that the specific provisions expire at the end of 2024. The clause also allows Welsh Ministers, by regulations, to make transitional, transitory or saving provisions in connection with this section. It is preferable that the transition timeline for Wales corresponds with that of England.

Clause 46: Data protection - no comments

Clauses 47 to 54 (and Schedule 7). General and final provision about regulations, including procedures and related matters including powers to make consequential. More information is needed in order to answer this. We are concerned about potential asymmetry of powers in UK Gov/Welsh Govt.

Schedule 3 and clause 34: Agricultural tenancies. Amendments to the Agricultural Holdings Act 1986 and Agricultural Tenancies Act 1995. The bulk of the amendments are intended to update and modify provision for agricultural tenancies in the 1986 Act to provide more flexibility, remove barriers to investment and improve the practical operation of the 1986 Act in relation to agricultural tenancies. We recognise the conflict in the current landlord – tenant relationship in terms of payment schemes and welcome the ambition for long term payment schemes which can support public goods delivery, particularly those considered ‘non-agricultural’ activities. There is work to be done on this.

Schedule 5 and clause 43. We are concerned that this offers potential for delayed transition which is an unacceptable outcome.

Schedule 5, Part 1: Financial support after exiting the EU. Provides powers for the Welsh Ministers to make regulations to modify, after exiting the EU, retained EU law relating to the basic payment scheme, and include powers to simplify or improve the basic payment scheme or to terminate greening payments. We welcome this in principle, in the context of our views on devolved matters and UK wide frameworks.

Schedule 5, Part 2: Intervention in Agricultural Markets. Provides powers for Welsh Ministers to provide financial assistance to support agricultural producers in Wales whose incomes are being or are likely to be adversely affected by exceptional market. We are concerned that these powers require further qualification regarding the specific terms, duration and alignment with England to ensure that the transition to a public goods scheme is not delayed or the UK internal market distorted. It is not clear if the England and Wales markets will be viewed separately and therefore whether ministers can make different determinations of exceptional market conditions.

Schedule 5, Part 3: Collection and sharing of data Provides powers for Welsh Ministers to require a person in, or closely connected with, an agri-supply chain to provide information about any of the person’s activities connected with the supply chain so far as the activities are in Wales. We welcome these powers with a proviso that the information collected is consistent with the aims of achieving sustainable land management (sustainable management of natural resources) and the proposed Sustainable Farming Scheme. We think there is merit in considering the provision of data by an individual to be akin to a public good but only if the data relates to true public goods, not food production.

Schedule 5, Part 4: Marketing standards and carcass classification. Welsh Ministers can regulate the standards which apply to certain products marketed in Wales and carcass classification by slaughterhouses in Wales. [We would see these integrated with standards in sustainability measures.](#)

Agenda Item 4.4

Written Response by the Welsh Government to the report of the Climate Change, Environment and Rural Affairs Committee entitled Scrutiny of the Welsh Government Draft Budget 2020-21

Recommendation 1.

In future, the Welsh Government's draft budget should be accompanied by a comprehensive assessment of its overall carbon impact. To inform this assessment, the Welsh Governments should undertake an analysis of the carbon impact of its budget decisions.

Response: Accept in principle

Alongside the draft Budget, the Minister for Finance and Trefnydd published the Budget Improvement Plan, which sets out further steps to explore how the assessment of the carbon impact of our spending programmes can be embedded more firmly in the budget process. The carbon impact assessment of spending programmes is a cross cutting responsibility of all Ministers and should inform the funding decisions Ministers take in setting detailed MEG spending plans. However, the assessment of the specific carbon impact of individual investments is not always a straightforward process. For example, the carbon reduction impact of the Welsh Government's investment in electric charging infrastructure is likely to be highly dependent on the regulatory decisions that the UK Government makes regarding fossil fuel vehicles. Where it is appropriate and meaningful, we will consider the incremental impact of Welsh Government spending, as well as the wider impact that policy implementation has on carbon emissions. In doing so, we will continue to draw of the evidence of our statutory climate change advisers, the UK Committee on Climate Change (UKCCC) as to which Welsh Government investments will deliver the greatest impact. In addition, the development of the next Low Carbon Delivery plan will set out the detail of how key policies will allow us to meet our carbon budget, providing clarity and certainty to businesses and individuals.

Recommendation 2.

The Welsh Government should report back to this Committee within 3 months on the development of the Environmental Growth Plan, This should include a timetable for the implementation of the Plan; information about plans to consult on the proposals; and information on the objectives and outcomes the Plan is intended to deliver.

Response: Accept

A report will be available in May 2020 on the development of the Environmental Growth Plan. The report and a timetable for the creation of the plan can be provided to the Committee at this point. Work is at a very early stage and so it is unlikely that there will be an implementation plan or a timetable for delivery available in the next three months as requested. Information about our plans to consult on the proposals will be provided. It is unlikely that the objectives or outcomes of an Environmental Growth Plan will be available at that stage, but progress can be reported.

Recommendation 3.

The Welsh Government should publish an assessment of the financial implications, including costs and benefits, of the next iteration of its decarbonisation plan. This should be included alongside an assessment of the carbon impact of each policy or intervention.

Response: Accept in principle

Departments are already expected to consider the cost and impact of all interventions as part of the policy development process. However, the aim of the Low Carbon Plan is to set out how we will meet our carbon budget, whilst also providing wider stakeholders with information as to how we are taking action. The plan is a collation of cross-government action and should not be a mechanism to collate the impact assessments of each action.

The Environment (Wales) Act does not require us to publish an assessment of the cost and impact of each intervention. This is similar to the position in Scotland and at the UK level. However, we will conduct a wider appraisal of how the plan supports the well-being goals.

Recommendation 4.

The Minister should provide an update to this Committee about whether she believes the funding allocated to its warm home schemes, Nest and Arbed, are sufficient to address the fuel poverty problems in Wales.

Response: Accept

Evidence submitted to the Climate Change, Environment and Rural Affairs Committee, as part of the inquiry into fuel poverty, suggests the energy efficiency of 15,000 homes annually is needed to eradicate fuel poverty in the next fifteen years. If these estimates are accepted, then the number of homes benefitting from investment through the Warm Homes Programme, currently averaging 6000 homes a year, will need to be more than doubled. This will be considered as part of our new draft plan to tackle fuel poverty which we plan to publish in the coming weeks.

Recommendation 5.

The Minister should provide an update to this Committee on the circumstances that have led to a change of manager of the Arbed scheme. The Minister should explain why she believes this change will be sufficient to transform the operation of the Arbed scheme.

Response: Reject

The management arrangements within Arbed am Byth, including their decision to change the head of the Arbed contract, are a matter for the company and its parent organisations.

Recommendation 6.

The Welsh Government should report back to this Committee on its timescales for taking forward the recommendations of the “Better Homes, Better Wales, Better World” report. This should include reference to any funding allocated in the draft budget for this purpose.

Response: Accept

We are fulfilling our commitment to develop a programme to support action to decarbonise homes in the next term of Government. The Report sets out the key actions needed and Chris Jofeh (Chair of the Welsh Government Advisory Group on the Decarbonisation of Existing Housing) is leading the work with Welsh Government to ensure the elements are in place.

One of the major priorities – as recommended in the Report - is the modelling currently being undertaken of the social housing stock. This is to assess whether the 10 year EPC A target recommended by the Group is achievable. It will also help identify for example the right decarbonisation pathways for homes, the action needed and associated costs.

Social landlords are actively involved in this work and three in particular are working with us to carry out detailed modelling. This phase will be completed in spring 2020. Social landlords will then be able to use this approach to model their own stock, the pathways they need to use and the associated costs and carbon reduction.

Recommendation 7.

The Minister should keep this Committee updated about discussions with the UK Government about post-Brexit arrangements. This should include any discussions about funding to mitigate the impact of a no-deal Brexit.

Response: Accept

The majority of discussions the Minister for Environment, Energy and Rural Affairs has with the UK Government about post-Brexit, EU transition arrangements and funding, take place at the Inter-Ministerial Group Environment; Food and Rural Affairs with Defra and the other devolved administrations. After each meeting, the Minister provides a written statement with an update on the discussions that have taken place.

Recommendation 8.

As soon as she can, the Minister should confirm whether the €6.12million that has been committed as a result of the Bew report has been allocated to her portfolio.

Response: Accept

This funding relates to Direct Payments to farmers (pillar 1 of CAP) which is regulated under EU law and, therefore, legislative changes must be made in order to provide the Secretary of State and Welsh Ministers with the powers to give farmers the additional funding. Section 5 of the Direct Payments to Farmers (Legislative Continuity) Bill gives the UK Secretary of State the power to increase the Direct Payment ceiling for 2020. The power can be used to increase the

funds and share of the UK ceiling to be allocated to Wales for the 2020 claim year, in order to implement Lord Bew's recommendations. We are working to gain clarity from UK Government on how and when Wales will receive the money, and are happy to confirm when this happens.

Recommendation 9.

The Minister should report back on the latest timetable for the proposed post-Brexit farming support scheme, including the introduction of a Welsh agriculture Bill.

Response: Accept

In *Sustainable Farming and Our Land*, we outlined our proposals for a new system of financial support based on the principle of sustainable land management incorporating the economic, environmental and social dimensions of agriculture. An independent research company has been commissioned to produce a comprehensive summary of responses to this consultation. This will be published in spring 2020.

We also intend to publish a White Paper this Assembly term. This will set out the potential scope of an Agriculture (Wales) Bill which will provide the legal basis needed to implement the proposed new scheme. It will also serve as a vehicle for legislative change in a number of related areas. We intend for this Bill to be introduced early in the next Assembly term.

Until the Agriculture (Wales) Bill is in force, we are taking time-limited powers through the UK Agriculture Bill to provide Welsh farmers with stability and continuity in this period of uncertainty. Having taken into consideration the comments raised by Senedd Committees during their scrutiny of the original Agriculture Bill (introduced September 2018), powers intended to be taken for Welsh Ministers are only those needed to enable the continued provision of existing financial support and to ensure the effective operation of agricultural markets across the UK following our departure from the EU.

Recommendation 10.

The Minister should clarify how much of the RDP has been committed. She should report back to the Committee on how much uncommitted RDP is being used for pilot projects for the Welsh Government's post-Brexit farming support scheme.

Response: Accept

As at December 2019, the total RDP commitment stands at £669.3m, which equates to 80.2% of the programme having been committed. The Minister for Environment, Energy and Rural Affairs has taken steps to ensure the programme is fully committed by 31 December 2020, when our ability to draw down EU funds ends. To ensure full commitment, the RDP has been over-committed, as some schemes inevitably de-commit over the course of a seven year programme. We do not anticipate any uncommitted RDP funding by the end of this year. We are considering what projects to fund in 2021 and beyond, via domestic funding, and will certainly consider innovative and new schemes, as well as existing schemes which are currently funded through the RDP and meet our priorities.

Recommendation 11.

The Minister should report back to this Committee when she has made a decision about how she will use the approximately £40 million arising from modulation. The Minister should indicate how she intends to use these funds to address agricultural pollution.

Response: Accept

To support the rural economy and environment after Brexit, we are transferring 15% (£41m) of the €320m (£285m) budget ceiling for BPS 2020 to support rural development in 2021/22. The decision to transfer this funding has been made subject to the UK Government providing full replacement funding, leaving Wales with not a penny less than we have received via European funding. However, this is not yet confirmed. The Minister for Environment, Energy and Rural Affairs will report to the Committee on how this funding will be used when it is understood exactly how much funding the UK Government will provide, which will inevitably impact on resources allocation.

Recommendation 12.

The Minister should share with the Committee at the earliest opportunity the report of the stakeholder group on future environmental governance arrangements.

Response: Accept

A first draft of the report was prepared for the January meeting of the stakeholder task group. The Group are currently in the process of finalising the report, which will be presented to the Minister for Environment, Energy and Rural Affairs at the end of the month. The report will be copied to the Committee in due course.

Recommendation 13.

The Minister should clarify whether any funding has been allocated for taking forward the recommendations of the stakeholder group on future environmental governance arrangements.

Response: Reject

We expect the next UK comprehensive spending review to take place in 2020 which will set budgets for future years. We continue to press the UK Government to set out its proposals to fund new responsibilities such as the proposed environmental governance body. This must include providing appropriate funding to Wales where, as is clear in this case, these responsibilities cover devolved functions and policy areas.

Recommendation 14.

The Minister should keep this Committee updated about the progress of discussions with the UK Government about the LIFE Programme.

Response: Accept

LIFE funding currently plays an important role in developing new ways of implementing environment policy in Wales, by providing organisations with the opportunity to demonstrate and pilot new, cutting-edge approaches in implementing policy on:

- Nature and biodiversity
- Circular economy
- Climate action
- Clean Energy Transition

During the EU exit transition period officials will remain in discussion with the UK Government to ensure Wales continues to benefit from the LIFE programme. There are options to remain as an 'associate member' of the programme on a UK basis, which would be the preferred position. It is not yet clear what the costs would be for such a membership. In a 'no-deal' scenario we would seek to retain funding for an equivalent UK programme.

Recommendation 15.

The Minister should report back to this Committee once decisions have been made on the allocation of the £15m for the Natura 2000 network.

Response: Accept

We will report on progress with the allocation of the Natura 2000 funding in June 2020. £15m is available as capital funding for 2020-21 to support the restoration of Nature 2000 sites. We have baseline (2015) information on their current status and work will be focused on actions which can improve sites towards this goal. These data provide a list of costed actions which can be undertaken to improve all Natura 2000 sites in Wales, covering both marine and terrestrial areas. The funding will be administered by Welsh Government in partnership with Natural Resources Wales.

Recommendation 16.

The Minister should report back on her department's plans for marine conservation in the coming year. This should include information about how much funding will be allocated in the division's budget to support this work and for the designation of marine conservation zones in 2020-2021.

Response: Accept

Financial allocations to support the identification and designation of Marine Conservation Zones set in 2019/20 will be matched in 2020/21, however, this will be carefully managed during the year.

Recommendation 17. The Minister should provide further information about the current staffing profile in the marine and fisheries department and any plans to increase staffing numbers.

Response: Accept

Civil service staffing is a matter for the Permanent Secretary. The Minister for Environment, Energy and Rural Affairs has asked the Permanent Secretary to write to the Committee on this matter.

Recommendation 18.

The Minister should report back on the timetable for the introduction of the new risk management strategy. The Minister should also clarify whether funding has been included in the draft budget for the implementation of the strategy, or any actions arising from it.

Response: Accept

The consultation summary of responses to the new Draft National Strategy for Flood and Coastal Erosion Risk Management in Wales was published on 7 February.

The consultation ran from 24 June to 16 September 2019, during the consultation exercise, we sought views on our proposed approach to manage the risk from flooding and coastal erosion across Wales. We received 61 written responses and we gathered additional views and comments at 3 workshops.

Approval and publication of the final National Strategy is scheduled for June 2020. All of the Flood and Coastal Risk budget is committed to delivering the new Strategy and supporting flood and coastal schemes to reduce risk.

Revenue and capital allocations are provided through standard budget procedures. The current policy of providing capital funding to Risk Management Authorities prioritised by risk will continue. Revenue is provided to support the activities of NRW as well as other functions such as maintenance, mapping, awareness-raising and the Wales Coastal Monitoring Centre.

The new Strategy strengthens our policy on information provision and achieving better outcomes from our investment in flood and coastal risk.

Recommendation 19.

The Minister should report back to this Committee on progress made during the last year to about the use of alternative sources of investment for flooding and coastal risk management interventions.

Response: Accept

The Flood and Coastal Risk programmes continue to deliver capital funding and innovative finance into flood alleviation schemes. Their focus remains on reducing risk to life, homes and businesses.

We promote wider benefits in all our schemes, but where third parties, such as rail or utilities infrastructure stand to benefit from a reduction in risk, we expect them to contribute to its costs appropriately. This position is being made clearer in the new National Strategy.

Since we published the draft Budget, many communities in Wales have suffered devastating and unprecedented effects from storm damage. On 18 February, the Welsh Government announced an emergency flood relief scheme which will make available up to £10m immediately for the initial response. Work is ongoing to get a clear picture of the scale of the damage and to identify the longer term support needed. Given the close proximity to the end of this financial year (2019-20) it is likely that some costs will fall in the current year and some in 2020-21. As a result, we would expect any further financial support to be reflected in the first supplementary budget.

Recommendation 20.

The Minister should report back to this Committee on how she plans to engage the commercial sector to play a role in meeting tree planting rates.

Response: Accept

The Welsh Government engages regularly with the forestry sector to discuss how best to meet our targets for the sector. We will provide an update in the coming months on our plans to increase tree planting rates in Wales.

Recommendation 21.

The Minister should report back to this Committee on the development of the national forest policy, including any assessment of the costs and benefits of the policy.

Response: Accept

We will report on progress with the National Forest in May 2020. We intend investing the £4.5m capital funding and £0.5m revenue funding in a number of demonstrator projects in 2020-2021 that will improve the condition and connectivity of our ancient woodlands and help to accelerate the rate of tree planting in Wales, unlocking environmental and economic benefits. The demonstrator projects will enable us to start activity on the ground, test funding and delivery mechanisms for improving and creating woodlands to inform our future plans for the National Forest. The National Forest will contribute to the 2,000 hectare woodland creation target this year, alongside other measures such as the Glastir Woodland Creation scheme.

Recommendation 22.

The Minister should report back to the Committee on any discussions she has had with the Minister for Local Government and Housing and local authorities about how the costs arising from her proposed animal welfare interventions will be met.

Response: Accept in principle

Officials have met with Local Authority representatives to discuss barriers to enforcement and issues surrounding licencing breeding establishments. Further to those discussions a scoping project is underway by the Local Authorities to determine what additional resource is necessary to maximise the use of existing structures and ensure a consistent approach to licensing breeding establishments across Wales. The Minister for Environment, Energy and Rural Affairs will not be in a position to discuss what additional funding may be needed for this until the scoping study has completed. At that point, she will discuss with the Minister for Local Government, Housing and Local Authorities.

Recommendation 23.

The Minister should clarify how “sustainable travel” is defined in relation to the funding allocations in the draft budget.

Response: Accept

The Sustainable Travel allocation in the draft budget primarily covers funding to promote and support bus travel (including Concessionary Fares, Youth Discounted Fares, TrawsCymru services and Bus Services Support Grant). It also supports active travel focussing specifically on walking and cycling.

Recommendation 24.

The Minister should report back to the Assembly on the impact of speed reduction interventions as soon as possible after the publication of the data in March 2020. This should include an informed estimate of when he expects air quality compliance to be achieved at each of the sites.

Response: Accept

The data report to be published in March 2020 will include a narrative on the effect of the 50mph speed limit measure on reducing levels of nitrogen dioxide at each of the 5 locations on the motorway and trunk road network. The report will also provide an update on when each of the locations is predicted to achieve compliance with the legal limit.

Recommendation 25.

The Minister should report back to this Committee within the next 6 months on the development of Precautionary Retained Measures (PRM). In particular, the Committee would like further details about the consultation plans; the timetable for the programme of work; and the funding that is going to be allocated to the policy.

Response: Accept

The report that officials intend to publish in March 2020 will also include an update on development of the Precautionary Retained Measures. Officials will ensure that the update includes the types and levels of consultation proposed and the timescales for further design and implementation of each PRM. Officials will update the Committee as soon as the report is published and will also outline the level and source of funding for the PRMs.

Recommendation 26. The Minister should clarify whether there is funding included in the draft budget to support the implementation of the Clean Air Plan and development of a Clean Air Act.

Response: Accept

We have awarded funding of just over £25 million through to 2021 to support the implementation of measures to accelerate compliance with nitrogen dioxide limits and improve air quality in Wales. Securing necessary improvements in air quality requires all parts of society to play their part. This involves changes in behaviours at home, when travelling, at work and at leisure. The impacts and benefits fall across all sectors. Funds and resources to support and focus on air quality improvements will in many cases be costly and some measures proposed (e.g. speed limits, traffic restrictions) have already been proven unpopular, despite the benefits. Air quality improvements will require significant sustained long term investment. We are not in a position to determine the full extent of additional funding required until the outcome of action specific studies are undertaken and known.

The specific budget for air quality 2020-21 equates to a revenue budget of £3,415,000 and a capital budget of £17,095,000. From this our biggest commitments are the grants of over £16,000,000 to Caerphilly and Cardiff to reduce nitrogen dioxide in their areas where they exceed legal limits. The remaining budget will be used to support development and delivery of the Clean Air Plan and Act for Wales including evidence and engagement to support future proposals, new air quality targets, air quality monitoring and evaluation and communications to support behavioural change, encouraging action to reduce air pollution.

Recommendation 27. The Minister should keep the Assembly updated regularly on progress on the implementation of the recommendations included in the South East Wales Transport Commission's December 2019 progress report.

Response: Accept

The Welsh Government formally received the Commission's Progress Update report on 17 December. It was welcomed by the Minister for Economy, Transport and North Wales in a Written Statement the same day.

They have given us three early proposals for fast track, motorway-focused measures designed to make an immediate impact on traffic flow.

The Commission will publish a further report in spring this year, with a final report expected around the end of 2020.

Mike Hedges AM
Chair, Climate Change, Environment and Rural Affairs
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

27 February 2020

Sent via email to: Mahima.Khan@assembly.wales

Re: Follow-up to 30th January Committee Session

Dear Mr Hedges,

Thank you again for the opportunity to give evidence to inform the Committee's inquiry into fuel poverty in Wales on 30th January.

At the session I offered to provide the Committee with a note outlining some of the relationships and partnerships Energy UK members have with stakeholders in Wales.

As set out in our initial evidence to the Committee, addressing fuel poverty across Wales will require collaboration between a wide range of stakeholders. Energy UK is, therefore, supportive of a partnership approach to addressing fuel poverty and assisting customers in vulnerable circumstances. Addressing fuel poverty will require input from government, the health sector, local authorities, energy suppliers and other parties. The new Welsh fuel poverty strategy should encourage stakeholders to work together to identify households in or at risk of fuel poverty and develop solutions to provide support.

To this end, please find below a number of anonymised examples of the various relationships and partnerships our members have with stakeholders in Wales. Please note that this is not an exhaustive list.

Examples of Relationships and Partnerships

Commission for Customers in Vulnerable Circumstances

In 2018 Energy UK launched the Commission for Customers in Vulnerable Circumstances, to explore how customers in vulnerable circumstances could be provided better energy services in the future.

Independently chaired by Lord Whitty, with five expert Commissioners from a wide range of backgrounds, the Commission published its final report last year. The Commission arrived at seven key themes, leading to a number of recommendations - for suppliers, energy networks, price comparison websites, Energy UK, Ofgem, the UK Government, and Citizens Advice – all of which the Commission believes will lead to better services for customers in vulnerable circumstances.

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The report was the culmination of over a year of evidence gathering and engagement with various stakeholders through oral evidence sessions and written submissions from across Great Britain. This included a dedicated oral evidence session in Cardiff, where the Commission was able to hear from expert witnesses and key organisations on the experiences of energy customers in Wales. This included the Fuel Poverty Coalition Wales, the Mental Health and Money Advice Service Wales and the Speakeasy Advice Centre.

The final report can be read here: <https://www.energy-uk.org.uk/our-work/commission-for-customers-in-vulnerable-circumstances.html>

National Energy Action (NEA) Cymru

One large supplier has developed a strong relationship with NEA Cymru, having worked with them closely for a number of years and funded several projects. The member in question currently supports two NEA Cymru projects through its Warm Home Discount (WHD) Industry Initiative funding:

- Partnering with NEA funding their 'Empowering Communities' initiative for Wales, providing energy efficiency training and advice sessions. This has been agreed as multiyear funding meaning this project will continue through 2020-21.
- Providing support to Citizens Advice in England and Wales in a further project providing one to one sessions and income maximisation for those in or at risk of fuel poverty. This will likewise continue through 2020-21.

Local Authorities

Another member currently has three WHD Industry Initiative funded projects that work with Local Authorities across Wales to support customers in need of a range of energy related assistance. The projects are:

- the Emergency Central Heating Offer (ECHO) – ECHO helps to repair or replace broken or condemned boilers;
- the Local Energy Advice Partnership (LEAP) - LEAP provides households with energy efficiency advice, some energy efficiency measures and debt advice; and
- the Home Emergency Appliance Replacement (HEART) – HEART provides energy efficiency advice and support with funding the purchase of white goods.

Local Authority Flexibility (LA Flex)

Under the Energy Companies Obligation (ECO), since 2017, Local Authorities have had the power to widen the eligibility criteria for ECO, allowing them to tailor eligibility of the scheme to their respective area. The power is known as LA Flex.

One Energy UK member has highlighted to us that around a quarter of the ECO energy efficiency measures they have delivered in Wales since late 2018 has been through LA Flex. This has involved

them working with the local authorities in the areas of Carmarthenshire, Ceredigion, Conwy, Denbighshire, Flintshire, Pembrokeshire and Powys.

Agency Line

One member has established an 'Agency Line' for support agencies working in the community with customers in Wales. The line provides a direct route for local agencies into the supplier's customer relations department so that customer issues can be escalated and dealt with. Organisations making use of the line include: Linc Cymru Housing Association, Gwalia, South East Wales Energy Advice Centre, Carmarthenshire Country Council, Cardiff City Council, Age Concern Cardiff, Action in Caerau and Ely, Warm Wales, Independent Living, North Wales Energy Advice Centre and a number of local Citizen Advice Bureaux across Wales.

Stay Warm This Winter

In January 2020, for the fifth year, the Stay Warm This Winter drop in event for AMs at the Senedd Cymru was hosted by an Energy UK member. Supported by two of the supplier's service and repair engineers, the event was attended by a quarter of Assembly Members, including the Minister for Housing and Local Government. Local politicians will often be the first to be contacted by constituents who are struggling with bills or living in fuel poverty, and, therefore, materials have been developed to help Assembly Members including advice on how people could make their households more energy efficient; smart meters; contacts for teams supporting vulnerable customers as well as signposting additional financial support.

Energy Trusts

One member highlighted that via its energy trust it is currently providing funding to Riverside Advice (Cardiff) and Citizens Advice Cymru. The supplier's vulnerability team also works closely with Cynnal Cymru, Age Cymru and NEA on various initiatives.

I trust you find the information above of use. If you would like to discuss further or have any questions, please do not hesitate to contact me in the first instance at daniel.alchin@energy-uk.org.uk or on 020 7930 9390.

Yours sincerely,

Dan Alchin

Deputy Director, Retail Policy