



David Rees MS
Chair
Committee for the Scrutiny of the First Minister

28 August 2024

Dear David

I am writing in response to your letter of 19 July requesting information on the questions you were unable to cover during the General Scrutiny Committee session of 12 July which was attended by my predecessor.

I understand the session was a useful opportunity to set out the Welsh Government's work in the context of Rural Communities. Here is an update on the information you have requested:

Housing

- 1. The Director General for Climate Change and Rural Affairs agreed to write to the Committee to confirm when the analysis of the Dwyfor Meirionydd pilot, which is trialling various measures relating to the management of the number of second homes and short-term lets, is to be published.**

The independent evaluation of the Dwyfor Second Homes and Affordability pilot is due to be published in October 2026, following the conclusion of the pilot in the summer of 2026. The Cabinet Secretary for Housing, Local Government and Planning will provide regular updates between now and the publication of the report.

- 2. What progress has been made on establishing an affordable homes taskforce, and what impacts will it have on addressing planning backlogs in rural areas?**

The Affordable Homes Task Force provides the opportunity to focus on important areas to support the delivery of more affordable homes in Wales, and support delivery of our Programme for Government commitment to deliver 20,000 additional, low carbon homes for rent in the social sector. There is need to consider the

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

approach to take this work forward given the recent Ministerial appointments to the Cabinet.

The work outlined will identify opportunities to enhance arrangements to support and advance the delivery of affordable housing in Wales in relation to the supply of land and the important role that planning plays in this process. The shortage of planning skills is evident in rural and urban areas across Wales and the UK. We are addressing the issue through improving resilience through increased planning application fees and exploring delivery of specialist planning functions through the Corporate Joint Committee mechanism.

3. How will you take forward the progress made by the previous First Minister on overcoming phosphates as a barrier to building new homes?

Through our [River pollution summit action plan](#), we are already making positive progress towards unlocking developments without changing our commitment to the environment and this work will continue. The fifth River Summit, co-chaired by the First Minister and Cabinet Secretary for Climate Change and Rural Affairs, was held on 22 July 2024 and focused on the role and challenge for agriculture in relation to phosphorus pollution.

Local Partnerships led targeted deep dive case studies for agreed sites, bringing stakeholders together in order to explore opportunities to unlock these developments. Of the 68 affordable housing led sites reported as delayed by phosphates, only 5 are still delayed due to phosphate issues. Subject to capacity, Local Partnerships may also undertake further deep dives related to other barriers to affordable housing delivery.

In line with the First Minister's Action Plan, planning officials have commissioned guidance from DTA Ecology on facilitating the delivery of development in Special Area of Conservation (SAC) river catchments affected by phosphorus. This guidance has a particular focus on facilitating the delivery of affordable housing. A draft document has been the subject of informal stakeholder input and is currently being finalised. It is intended that this be published as soon as practicable.

4. How will the forthcoming homelessness Bill specifically address rural homelessness?

The White Paper contains a suite of ambitious proposals around suitability and allocations which seek to improve the choice and standard of accommodation open to people in the areas they want to live.

Within the consultation responses, some respondents highlighted the challenges faced by homeless individuals in rural areas, including reduced availability of affordable and suitable housing and difficulties accessing services.

During the consultation, officials visited every local authority in Wales, specifically to ensure they understood the particular challenges facing every kind of locality across the country.

Service design and delivery will be an important part of implementation planning for the legislation. Local authorities are best placed to ensure their rapid rehousing plans best address local need and circumstances - it is not a case of one size fits all.

Corporate purchase of farmland for woodland creation

5. Can you give an update on the issue of large companies based outside Wales buying up productive farmland for woodland creation?

We recognise concerns about private investment in woodland creation. We are aware some larger afforestation projects have taken place and expect all woodland to meet our high standards and for local communities to be consulted on plans. Every penny of our woodland creation grant schemes directly benefits Welsh land and the vast majority of funding is paid to farmers. We want to continue to encourage and help farmers to create woodland on their land while avoiding the most productive land and continuing to produce high quality food. We need a range of different woodland types to gain the benefits of planting trees. We recognise the need for Wales to produce more timber and acknowledge some of the larger afforestation projects have been planted for this purpose.

i. Do you see this as a problem and, if so, what is the Welsh Government doing to control it?

The sale and purchase of land in Wales is a matter for Welsh landowners. We do not believe it is possible to influence farmers' decisions in selling land or to discriminate in funding rules between landowners based on where they are located. Instead, we remain focussed on providing support to help farmers stay on the land, including designing woodland creation offers that work for farmers.

ii. What is the Welsh Government doing to help local communities benefit from large afforestation projects, financially or otherwise?

We expect all woodland creation projects to hold meaningful consultations with local communities at an early stage of planning their projects. We encourage woodland owners to consider becoming part of the National Forest for Wales and, where appropriate, to provide access to green spaces for people to enjoy. Trees provide a range of environmental benefits that include improved air quality and reduction in flooding that can benefit local communities. Planting trees is also one of the actions people can take to help tackle climate change, which has a wider benefit for everyone in Wales for generations to come.

6. Could you give an update on the implementation of the recommendations made by the Woodland Finance Working Group, published in July 2022?

Securing investment in a range of actions to tackle climate change and biodiversity loss is necessary to protect and enhance our environment. Private investment in afforestation may be a part of securing sustainable financing in a wide range of nature-based solutions and officials will work across policy areas to explore ways to achieve this.

i. Could you give an update on the pilot projects to secure private finance for woodland creation? What models have been used what has been learnt to date?

Due to the long-term nature of afforestation projects, designing pilot projects can be complex. Officials will work to identify lessons learnt from initiatives in other countries and from Welsh Government programmes such as the Integrated Natural Resources Scheme which will be launched in August. We are aware of the opportunities that investment in nature-based solutions can offer and will develop a set of investment principles to encourage ethical investment that works for Wales.

- ii. **Has a feasibility study been carried out on establishing a public interest company focused on delivering woodland? If so, what did it conclude, and will it be published? If not, why not?**

A feasibility study completed in 2023 concluded a considerable amount of further work would be required to explore whether a public interest company could work in increasing afforestation. We have not published the study because the financial environment has changed markedly since it was carried out, making the findings are less relevant. However the findings of the study were discussed with members of the Woodland Finance Working Group and, where relevant, may be used to inform future policy development.

The Welsh language

1. **Does the Sustainable Farming Scheme (SFS), as the Welsh Language Commissioner asserts in the summary of her response to the SFS, undermine one of the intended objectives for sustainable land management - to “maintain the Welsh language and promote and facilitate its use”?**

The SFS must deliver on the four Sustainable Land Management objectives established in the Agriculture (Wales) Act which includes a specific emphasis on the importance and use of the Welsh language; *Conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use*. A representative of the Welsh Language Commissioner is invited to participate the SFS Officials Working Group, which is supporting the SFS Ministerial Roundtable. Welsh Ministers will not be making any final decisions on the SFS design until this next phase of stakeholder engagement has been undertaken.

2. **How will you ensure that, as part of the pause in introducing the SFS, the Welsh Government revisits the potential impact of the scheme on Welsh speaking communities? Will the Welsh Government review its impact assessment on the language as part of the process?**

Our ambition is to support rural communities and the Welsh language by designing a scheme which supports and keeps farmers farming in Wales. We will review the revised proposals for the Scheme to ensure they provide at least the same, if not more opportunities for use of the Welsh language.

3. **What yardstick will the Welsh Government use to measure the impact of the Arfor scheme on the Welsh language in rural communities, and how could such a scheme be extended to other areas of Wales to support Welsh-speaking communities?**

The ARFOR scheme is currently in delivery via the local authorities and their contracted providers. The grant funding made available to the region (via Gwynedd

Council) is providing funding for a range of strategic programmes and projects across the region aimed largely at supporting economic interventions which help support Welsh language communities.

There are a number of outputs - agreed as part of the grant offer - to be delivered as part of the ARFOR scheme and these will be reported on at the end of the scheme. Defining outputs and measures which capture the impact of the scheme on the Welsh language is a challenge given a variety of reasons, including available data, the relatively short timescales, and other factors outside of the control of the scheme which have a bearing on the language. As such as part of the programme, Wavehill Consulting have been commissioned to provide independent monitoring and evaluation of the programme and to help share best practice. This work will be key to assess those interventions which make greatest impact and will be part of the consideration of what may happen beyond the current scheme.

Food and Drink

1. What is your vision for the food and drink industry in Wales and how it can support rural communities?

The Welsh Government's vision is to build on success, continuing to create a strong and vibrant food and drink industry with a global reputation for excellence. The food and drink industry, despite all the challenges it has faced, remains remarkably resilient, and has continued to grow in value. It is an incredibly diverse industry, with a vast range of products in its portfolio. It exists in every corner of Wales, both urban and rural. Our strategy for the manufacturing and processing industry is **the 'Vision for the Food & Drink Industry from 2021'**. This sits within a wider strategic agenda for food which is advancing well-being for citizens and society. There is significant join-up occurring across all areas of government on food policy, as evidenced in our recently published document **Food Matters: Wales**.

i. How does the Sustainable Farming Scheme support this?

The ongoing sustainable production of food remains the cornerstone of the Sustainable Farming Scheme (SFS) proposals, and this must be balanced with the other Sustainable Land management objectives as described below. The proposed scheme actions such as benchmarking and animal health improvements are being designed to benefit farm business productivity by providing farmers with the tools to monitor business performance and improve efficiency. It may be possible to introduce Optional Actions which support farmers to diversify into other sectors such as increasing horticultural production. No final decisions will be made on scheme design until a further phase of engagement with the SFS Ministerial Roundtable has been undertaken.

ii. How is your government balancing the need for climate and environmental action against the need to produce food that is viable for the producer and affordable for the consumer? Are there any trade-offs?

The Sustainable Land Management (SLM) objectives established by the Agriculture (Wales) Act provides a framework for balancing the ongoing production of food, alongside mitigating and adapting to climate change, and maintaining and enhancing the resilience of ecosystems. The climate emergency is already having an impact on domestic food production, and we acknowledge that resilient natural ecosystems are our best defence in adapting to and

mitigating the impacts of climate change. The investment in our ecosystems is an investment in our future food producing capacity. The SFS is being designed to meet these SLM objectives, by including complementary actions to benefit the farm business, benefit farm ecosystems, and support climate change adaptation.

Balancing climate action with viable, affordable food production requires a multi-faceted approach. The food and drink industry must be trained in sustainable practices and supported to baseline and reduce their emissions. A series of skills development opportunities to improve sustainability, reduce carbon emissions and increase resilience to climate change is available free of charge to food and drink businesses in Wales. A pilot programme is also underway to support businesses to baseline their carbon emissions and produce carbon reduction plans. Technological advancements in processing and packaging can also enhance efficiency and reduce waste; the work of the Sustainability Cluster, Food Innovation Centres and the Advanced Manufacturing Research Competence Centre (AMRC Cymru) support the business transition to greener practices. Raising consumer awareness and demand for sustainably produced goods can drive market changes and we have seen a growing trend of ethical purchasing which will further encourage the transition process. Improving sustainability can also benefit business profitability and overall resilience. Trade-offs include the need for investment at all levels and through collaboration between businesses, academia, government and the financial sector further progress can be made.

2. What is the Welsh Government doing to ensure that food supply chain infrastructure, for example abattoirs and food processing and manufacturing plants, remain situated in rural communities?

A big part of the growth and success of the Welsh food and drink industry has been Food Division's focussed support to businesses, providing the resources and confidence to grow and do more. We will continue to collaborate with the sector as part of the foundational economy of Wales to encourage this success. We have provided financial support to businesses through a series of capital investment schemes and accompanied by tailored financial advice to businesses through our Investor Ready Programme. The cluster collaboration of businesses with common interests takes place across the supply chain and is integral to the success of the sector. Our eight Food and Drink Cluster Programmes are integrated across the supply chain to drive growth, open new opportunities and add value to quality agricultural raw materials. Our three Food Technology Centres has supported the strategic direction of the Welsh Food and Drink industry for the past twenty years and has successfully delivered thousands of bespoke knowledge transfer projects. We also fund Mentera (our delivery partner) to deliver Enterprise for Success (Cywain), a project to support new and existing startup and SME Food and Drink businesses.

3. How is the Welsh Government ensuring that the Welsh rural workforce has the necessary skills to maintain an “environmentally and socially responsible supply-chain”?

The Welsh Government's Food and Drink Skills Wales (FDSW) Programme, supports eligible food and drink businesses with a focus on Welsh food and drink processing and manufacturing. It ensures employees have the right skills and training for their businesses to improve career satisfaction, career progression and choice. Working across sectors, FDSW supports employers and employees with knowledge exchange to capitalise on new business development opportunities to increase productivity, efficiency and sustainable growth. These skills have been developed

around systems that address environmental management and sustainable practices. This includes upskilling the workforce to meet climate change goals and Net Zero targets through tailored sustainability training courses and decarbonisation workshops. FDSW also promotes career and employment opportunities in the Food and Drink sector, working with schools and colleges to highlight these opportunities via engagement events, apprenticeships, business-to-school matching programmes. Welsh Government is fully committed to working with the Food and Drink industry in Wales to develop a skilled and capable workforce for the future. This is central to the long-term vision of creating a strong and vibrant food and drink industry in Wales with a global reputation for excellence, which has one of the most environmentally and socially responsible supply chains in the world.

4. What is the Welsh Government doing to promote Welsh food and drink in Wales, the UK and overseas?

Food Division delivers an effective and impactful export support programme tailored to the specific needs of the Food and Drink industry in Wales. The programme is supporting businesses to develop export capability and capacity, and to access international markets for Welsh food and drink products. It provides expertise to businesses embarking on their export journey, and to those wishing to access new overseas markets, alongside opportunities to attend key international trade events for food and drink. It delivers against key commitments in the Vision for the Food & Drink Industry from 2021, the Export Action Plan 2020 and Wellbeing of Future Generations goals. The programme also produces significant returns for participating businesses, and a knowledge-exchange platform which provides peer-to-peer connections, along with training and market insights for exporters.

In addition, Food Division delivers the BlasCymru/TasteWales programme consisting of a national and international trade event, a conference, and showcases Wales globally as a food nation through BlasCymru. This signature event attracts international buyers to Wales and to Welsh food and drink businesses. The promotion of Welsh language and heritage is part of a high-value and quality food and drink offering, including GI products. The trade event last (the BlasCymru brokerage) took place in 2023, with outputs growing steadily, to £38m of confirmed and potential business between Welsh food and drink producers and made up from UK and international buyers. BlasCymru also included an exhibition showcasing various aspects of innovation, sustainability and business development, including Welsh Government / Food Division support. Following research and industry feedback, we will for the first time hold a BlasCymru Conference in North Wales on 24 October this year, and to enable all Welsh food and drink businesses to learn about sustainable futures and access the support available to promote their businesses nationally and overseas.

Yours sincerely,



Eluned Morgan