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Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

Mike Hedges AM
Chair of Climate Change, Environment and Rural Affairs Committee
National Assembly for Wales
Cardiff
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Dear Mike

Thank you for your letter of 22 October and for the Committee's Report 'The Welsh Government's proposed Sustainable Farming Scheme: restoring biodiversity'.

Reversing the decline of biodiversity is one of our biggest challenges, however, it is a challenge we must rise to for a multitude of reasons. Enhancing biodiversity alongside the ongoing production of high quality food and tackling the climate emergency, are among my main priorities in devising a future land management policy for Wales.

The *Sustainable Farming and our Land* consultation explained the Well-being of Future Generations (Wales) Act 2015 (the "WFG Act") and the Environment (Wales) Act 2016 establish an important legislative and policy framework, focussed on sustainability, from which we are developing our proposals for future land management policy in Wales. In this legislative context, our proposals will contribute to achieving the well-being goals set out in the WFG Act and, in this particular case, will make an important contribution to a "resilient Wales" by supporting outcomes which maintain and enhance a biodiverse natural environment. The proposed policy will also be important to deliver the Welsh Ministers' commitments under the Environment (Wales) Act 2016 to seek to maintain and enhance biodiversity in Wales.

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

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

The *Sustainable Farming and our Land* consultation has only recently closed. We are in the process of considering consultation responses, alongside undertaking a co-design programme with farmers and stakeholders to further explore the practical aspects of the proposals. We also have ongoing uncertainty from the UK Government over the level of funding which will be returned to Wales should the UK leave the EU. The design of a future scheme and the associated delivery model is, therefore, still at an early stage of development. Therefore, it is not possible to give a final response to many of your recommendations at this time. For this reason, many of the recommendations are accepted in principle (rather than outright) whilst policy proposals are developed and finalised.

There is one aspect of your report I wish to clarify. I agree our ambitions for a future advisory service are ambitious, however I believe providing the right level of advice and support will be crucial in enabling our farmers to adapt to the changes we propose. You have referred to “the Welsh Government’s commitment that the costs of advisory services will not have to be met from the funds available for farming support” (page 31). As I have previously stated, there is no clarity on future budget allocation from the UK Government and no detailed delivery model has been designed.

I would like to thank the members of the Climate Change, Environment and Rural Affairs Committee for the report. I have set out my response to the individual recommendations below.



Lesley Griffiths AC/AM

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Minister for Environment, Energy and Rural Affairs

Recommendation 1

The Committee recommends

The Welsh Government must ensure that the restoration of biodiversity is a key priority of its proposed Sustainable Farming Scheme.

Response: Accept

The maintenance and enhancement of ecosystems by building resilient ecological networks must be central to future land management policy if we are to achieve the level of action needed to maintain and restore nature across Wales. The proposed Sustainable Farming Scheme is being developed based on the concept of Sustainable Land Management and in accordance with the legislative and policy framework established by the WFG Act and the Environment (Wales) Act 2016. Accordingly, it is proposed the scheme will support outcomes to maintain and enhance biodiversity, and develop resilient ecological networks.

The next phase of work must be to focus on the detail of how we are to achieve this, which we intend to do by developing our proposals set out in *Sustainable Farming and our Land*.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 2

The Committee recommends

The Welsh Government's proposed scheme should include outcomes that are informed by the latest data and evidence on biodiversity and should be focused on species, habitat, and landscape.

Response: Accept in principle

As highlighted in the Committee's report, we will need to consider acting at the right scale for delivering the various outcomes we seek to achieve.

We propose utilising evidence including from the Environment and Rural Affairs Monitoring and Modelling Programme (ERAMMP), the State of Natural Resources Report (SoNaRR), the Area Statements being produced by Natural Resources Wales (NRW) and other sources such as the evaluations of previous schemes and other scheme examples from outside of Wales.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 3

The Committee recommends

The Welsh Government should clarify how the Sustainable Farming Scheme will work alongside other policies and initiatives aimed at restoring biodiversity.

Response: Accept in principle

We cannot provide this clarity at the present time as it is too early in the design process. However, we will ensure it is aligned with other policy priorities and proposals such as the new National Forest, and the actions identified in the Nature Recovery Action Plan which is being refreshed at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 4

The Committee recommends

The Welsh Government should explain how it intends to monitor and assess the scheme's impact in relation to biodiversity.

Response: Accept in principle

The monitoring and assessment of the proposed Sustainable Farming Scheme's impact in relation to biodiversity will be developed as part of the detailed scheme design process. As this process is still ongoing, I am unable to provide this detailed explanation at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 5

The Committee recommends

The Welsh Government should undertake an assessment of the resources, including staffing, that will be required to deliver its proposed approach to advisory services. This assessment should include projections for the first five years of the scheme.

Response: Accept

An assessment of the resources required to deliver the proposed approach to advisory services will form part of the detailed scheme design process. I am interested in exploring communication methods and digital opportunities to provide advice and support in as efficient yet meaningful a manner as possible. However, as the scheme design process is still ongoing, I am unable to provide a more detailed assessment at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 6

The Committee recommends

The Welsh Government should clarify how it intends to ensure that sufficient, appropriately trained, advisers are in place by the time of the proposed scheme's launch. The Welsh Government should clarify whether it expects any existing organisation to take on the advisory service.

Response: Accept in principle

The consultation for the scheme has recently closed and it is necessary for us to carefully consider responses as part of the proposed scheme design process before we start proposing delivery models.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 7

The Committee recommends

The Welsh Government should explain how it will ensure that users of its proposed scheme have appropriate access to skills development and training. It should also set out its estimates of the costs arising from such training and clarify how they will be met.

Response: Accept in principle

Key to an outcome focused approach where the farmer is empowered to make more of their own management decisions, are the right skills to understand and deliver the various outcomes we are seeking.

We have proposed access to training and skills will be an important element of support. We will need to explore the best ways of providing this – through demonstration farms, peer to peer knowledge transfer networks, or through more formal processes. However, as the proposed scheme design process is ongoing, I am unable to provide detailed information and cost estimates at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 8

The Committee recommends

The Welsh Government should provide details about how it will, in the short term “retain and clarify existing arrangements” in relation to a regulatory framework. This should include an explanation of how its proposed approach will restore biodiversity.

Response: Accept in principle

The Welsh Government intends to maintain current arrangements until a new regulatory framework is implemented via the proposed Agriculture (Wales) Bill. This will ensure there is no weakening of current standards and enforcement during the transition from current to future regulatory frameworks. A large number of existing RDP contracts, designed to address specific biodiversity objectives, will also continue.

While a new regulatory framework is developed, we intend to outline in straightforward terms the current regulatory requirements in a number of areas, including on biodiversity. This means farmers will be clear what action they must take to meet the law in relation to biodiversity.

Any future proposals will be shaped by the duties and principles outlined in the Wellbeing of Future Generations (Wales) Act and the Environment (Wales) Act. We intend to engage with Natural Resources Wales and Stakeholders to ensure measures are included in proposals for a future regulatory baseline which are designed to maintain and enhance biodiversity.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 9

The Committee recommends

The Welsh Government should ensure that the proposed Sustainable Farming Scheme rewards farmers for existing good practice.

Response: Accept

Where existing good practice is delivering the outcomes we seek, it is important we should recognise and reward this.

Beyond this, we propose to continue to look for further opportunities beyond existing land management practices to achieve additional beneficial outcomes where feasible.

However it will be important to ensure standards for ‘existing good practice’ are clearly defined.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 10

The Committee recommends

The Welsh Government must strike a balance between ensuring the Scheme is accessible and also sufficiently ambitious to restore biodiversity. Decisions on where to set the regulatory baseline should be based on evidence.

Response: Accept

Decisions regarding the regulatory baseline for the proposed scheme will be based on thorough evaluation of evidence. We will continue to engage with a wide range of stakeholders in order to inform our decisions including those with expertise on nature conservation and land managers who have experience and knowledge of their land. We propose to only fund activities where there is evidence they contribute to the outcomes we seek as part of the proposed Scheme. We propose these funded activities must deliver over and above the regulatory baseline.

The development of the proposed scheme will aim to balance the interests of farmers and land managers with the wider Welsh public interest in protecting our natural resources. As set out in *Sustainable Farming and our Land*, we will be guided by the principles and obligations in the Environment (Wales) Act and the WFG Act.

Financial Implications –

Until the proposed scheme has been designed, and any changes to regulatory baselines have been confirmed, I am unable to determine financial implications.

Recommendation 11

The Committee recommends

The Welsh Government should publish its response to Lord Bew's review of the allocation of farming support in the UK up to 2020.

Response: Accept

The Bew review of the intra-UK allocation of domestic farm support funding has now concluded and the final report was published on 6 September. This included published contributions from the Welsh Government and other Welsh stakeholders. As this was a report commissioned by and for the UK Government (who have responded), the Welsh Government will not respond formally. However I welcome the recommendations and subsequent commitments to additional funding for Welsh agriculture.

The topic is extremely important for Wales, so it was essential for Lord Bew to consider the Welsh perspective throughout the course of the review. The review panel visited Wales on multiple occasions to meet with Welsh stakeholders.

Financial Implications - Lord Bew's main recommendation was to allocate an additional €6.12m to Wales and €60.42m to Scotland over the 2020-2022 period. The UK Government issued their response to the Bew Report on the same day, agreeing to the recommendations including the additional €6.12m for Welsh agriculture. Officials are currently working with the UK Government to clarify exactly how and when Wales will receive the money.

Recommendation 12

The Committee recommends

The Welsh Government should report back to the Committee on the latest inter-Governmental discussions on a sustainable mechanism to allocate farm support after 2020.

Response: Accept

At this time, there remains a significant concern around the total available budget for future agricultural support in Wales. While the current UK Government has made high-level guarantees to protect farm support funding to 2022, there is no clarity on either the amount of funding thereafter or how it will be allocated between the four administrations of the UK. However, the guarantees received so far may be impacted by the results of the upcoming General Election.

We will report back once clarity has been received from the UK Government.

Financial Implications – Welsh Ministers are clear leaving the EU should not mean any reduction in the funding available to Wales, and the Welsh Government continue to press the UK Government for clarity on funding and funding mechanisms.