

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate
Change, Environment and Rural Affairs Committee
Ymchwiliad i ddyfodol Polisiâu Amaethyddol a Datblygu Gwledig yng
Nghymru | Inquiry into the Future of Agricultural and Rural Development
Policies in Wales
AAB 25
Ymateb gan Cymdeithas Llywodraeth Leol Cymru
Evidence from Welsh Local Government Association

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, the three National Park Authorities and the three fire and rescue authorities.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. WLGA welcomes the opportunity to respond to the Climate Change, Environment and Rural Affairs Committee's consultation on future of Agricultural and Rural Development Policies in Wales in light of the UK's decision to leave the European Union. It is important that stakeholders are involved in helping to decide future policy given the major implications that forthcoming changes will have.
4. On a general note, the WLGA's Rural Forum believes that 'rural proofing' of all new policies (i.e. not just agricultural and rural ones) must remain a requirement and could potentially be built in as an integral part of the approach required by the Well-being of Future Generations Act. Likewise, there are some other policy areas (e.g. relating to the movement of labour) that will impact significantly on agriculture and rural areas and these need to be considered as well as the policies that are the subject of this consultation.
5. Our responses to the main questions posed are set out below.

Q1: What are the fundamental outcomes that we want to see from agricultural, land management and rural development policies?

6. From a local authority perspective, seeking to promote the well-being of their residents, the desired outcomes can be considered under three main headings:
 - economic
 - environmental
 - social/cultural and community.
7. Councils are involved in all these areas in a variety of ways.

Economic

8. It is vitally important to retain **access to the single market** for Welsh food and drink products in ways that minimise disruption to business and trade. There were £274.2m worth of food and drink exports from Wales to the EU in 2014, with 90%+ of exports of lamb and beef going to Continental Europe. Although there may be opportunities to increase exports to other international markets, it is unrealistic to think new markets could be developed to compensate for lost sales into the EU (especially in the two-year period after Article 50 is involved) ¹.
9. The economic impacts of 'Brexit' could work in contrasting ways. For example, trade negotiations with non-EU nations could open up the UK to cheap imported foodstuffs, undercutting Welsh producers. On the other hand, a weak pound and/or the introduction of tariffs on imports from the EU could work in favour of some Welsh food producers. On balance though, loss of access - or competitiveness - in what is currently the major export market would deal a major blow to farmers and food producers in Wales. Given the value of this trade, securing access to EU markets must therefore be a top priority.
10. It will also be crucial to find ways of ensuring that Welsh lamb, beef and other products that currently have 'protected status' within the EU (e.g. Pembrokeshire early potatoes, Anglesey salt) retain a clear and widely-recognised brand of quality after we leave. This status is important in terms of preserving market share and sales, holding off competition from lower cost alternatives.
11. **A replacement for direct payments** to farmers under the Common Agricultural Policy is another essential economic outcome. They are worth £200m per annum to Wales in the 2014-20 programmes. Without these payments the majority of farm businesses in Wales would struggle to maintain their viability. Whilst agriculture may

¹ Moreover, access to markets outside the UK could be limited and/or trade negotiations complicated as a result of levels of bovine TB in Wales. The UK and Wales currently have EU-approved bovine eradication programmes, allowing them to trade.

not be the dominant player it once was in rural economies it still has widespread indirect benefits. Suppliers, contractors, food processors, restaurants and tourism activities all depend heavily on the sector in one way or another.

12. The Chancellor, Philip Hammond, has stated that the UK Government will work closely with stakeholders to ensure that funding in the period immediately after exit is used to help the agricultural sector transition effectively to a new domestic policy framework and that these funds will be allocated using the principles of CAP Pillar 1.
13. Future actions and policies related to food and farming must build on existing strengths in the sector, recognising the significance of existing assets and investments. One of the economic outcomes we should seek is **added value through the development of local supply chains** with a focus on quality, exploiting links with local tourism wherever possible. Clusters of activity can create a critical mass for promoting and developing an area, which local authorities can support. Increasing the amount of processing undertaken within Wales not only retains economic value within Wales it also reduces carbon impact and contributes to food security. These are important considerations, especially in terms of the Well-being of Future Generations Act.
14. The **Rural Development Programme (RDP)** agreed with the EU has been an important source of support in this respect (amounting to £557m from 2014-20). It has assisted knowledge transfer and innovation in agriculture, forestry, and rural areas. Its aims include enhancing the viability and competitiveness of all types of agriculture and promoting innovative farm technologies and the sustainable management of forests. They also include promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture. Provision for these activities in replacement programmes will be required.
15. Other **structural fund support** (via the European Regional Development Fund and European Social Fund) has enabled major infrastructural, business support and training projects that have been vital to rural economic development over recent years. Seven of the nine 'rural' authorities in Wales are in the West Wales and the Valleys area which has been eligible for the highest levels of EU support, reflecting the levels of need in these areas. In total, some £1.8bn of EU structural funding has been allocated to Wales in the current programme alone. A successor regional policy will be needed once the current EU programmes cease and it is vital that the level of funding available is sustained and support for such schemes in rural areas continues

to be provided.

16. Wider economic opportunities linked to the natural resources of rural areas need to be considered too. The concept of '**payment for ecosystems services**' needs to be developed for inclusion in any new policies, drawing on lessons learned from existing EU agri-environment and greening initiatives (see response to Q2 below). Land owners can then maximise income generating potential and provide new and enhanced sources of local income and employment over and above food production (e.g. for carbon sequestration, energy generation, flood alleviation, timber production, nature conservation, climate change mitigation and general amenity value).
17. For rural businesses generally (often very small, micro-businesses), it is important they continue to be **eligible to receive support** under new regional/industrial policies. Any movement towards solely 'opportunity'-focused policies should be resisted strongly; the 'needs' of rural economies must also be recognised. There may be opportunities to develop simplified criteria for business support whereas at present there are various different sources each with their own requirements (e.g. RDP, Welsh Government/Business Wales, local authority support).
18. **Innovation** will be crucial on all fronts. It is essential that we build on the expertise that exists in academic establishments operating in rural Wales and apply this to support local economic activity. We must extract maximum benefit from European funding opportunities for research, development and knowledge transfer whilst they still exist and lobby for continued financial support as part of successor arrangements.
19. Related to this point, **fast and reliable broadband connectivity** is critical for rural businesses and communities. Domestic programmes that succeed EU ones must include support for continuing the roll out of Superfast broadband and emerging new technologies that can help to overcome the remoteness of rurally based activity.

Environmental

20. Many of the regulations that protect our environment and help to build resilience have their origins in European legislation (e.g. the Water Framework Directive, the Habitats Directive). These will need to be brought into domestic legislation to provide **ongoing environmental protection**. (The meeting of some environmental standards can be expected to be prerequisites in future trade negotiations with the

EU).

21. Similarly, legislation affecting **animal health and food safety standards** should not change unless there is full consultation with all stakeholders, including local government, and proper scrutiny. This is particularly important if moves are made to open up UK markets to food imports from countries where animal welfare and food safety and hygiene standards may differ. Should this result in any changes in the regulatory burden for local authorities the additional costs would need to be fully covered.
22. The policies also need to give **certainty** with regards to EU legislation which is still currently under discussion. For example, Nitrate Vulnerable Zone legislation is due to be introduced to protect water from nitrate pollution from agricultural sources. This could have major implications for farmers in identified geographic areas, potentially requiring a major increase in their slurry holding capacity and restricting the number of head that can be grazed per hectare. Another example would be the Renewable Energy Directive which could affect the amount of crop-based biofuel included in road fuels. Clarity is needed as soon as possible over the extent to which such measures will be included and enforced.
23. Agriculture has shaped the landscape of Wales. It is key to maintaining the landscape and natural environment for protected habitats and species, especially in uplands and on marginal land. **Agri-environment schemes** introduced by the EU have been innovative and helped to highlight the important environmental role that agriculture can play. There may be opportunities post-'Brexit' to learn lessons and develop schemes that are better suited to Wales's specific needs and can deliver long-lasting outcomes that improve the environment and, in turn, local resilience.
24. The RDP has provided funds to help restore, preserve and enhance ecosystems related to agriculture and forestry. It has also promoted resource efficiency and supported the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors. The need for these outcomes remains and therefore replacement policies need to provide ongoing incentives and support.

Social/cultural and community

25. The RDP has been a major contributor to rural community economic regeneration efforts. One of its priorities has been to promote **social inclusion and poverty reduction** in rural areas. Tackling rural poverty presents a particular challenge due to its dispersed nature and the greater distances involved in service delivery which

add a 'rural premium'.

26. LEADER is a form of community-led local development which forms part of the RDP. Importantly, it has brought local representatives into the decision-making process via Local Action Groups (LAGs). LAGs have helped to identify the problems faced by communities and the opportunities available to an area before drawing up Local Development plans and piloting potential solutions. Local authorities have helped to provide a strategic overview to ensure that the funding is used in ways that complement other initiatives. This has proved to be an effective way of working and local government and LEADER groups need to be involved in successor approaches.
27. The general well-being of rural communities is inextricably linked to the maintenance of a productive and sustainable agricultural/rural economy - the cornerstone of social cohesion in rural areas. Culturally and linguistically, farming families provide vital **support for Welsh language and Welsh culture**. Successor policies must recognise and support this important social role. Financial support for agriculture to help achieve these outcomes can help provide recompense for not adopting modern farming practices on larger farms. The latter may boost short term productivity and profitability but can also result in social and long term environmental costs and losses. It can also make the difference between continuing to farm, or abandoning, marginal land.
28. Access to open countryside can contribute significantly to **residents' physical and mental well-being**. The three National Parks of Wales, which cover around 20% of the land area of Wales, have been described as 'well-being factories'. Through the upkeep and promotion of footpaths and trails the National Park Authorities provide opportunities for improved understanding of nature, enjoyment and exercise. This depends on the wider environment providing an attractive backdrop for the 12 million visitors the Parks receive each year. Nearly three quarters of residents in Wales reported visiting a National Park within the previous year².
29. There are, therefore, close interdependencies between the economy, environment and society of rural communities. Agricultural and rural policies must be designed to support positive feedback between these aspects of rural life, and to prevent negative spirals of decline from taking root. The latter could see a 'domino effect' with reduced economic opportunities leading to a decline in the environment and social cohesion. Demands on many local government and other public services could be expected to increase substantially in these communities should that occur. The

² *Valuing Wales' National Parks*, (2013), Report by ARUP for the three National Parks, NRW and WLGA. http://www.nationalparkswales.gov.uk/data/assets/pdf_file/0009/389727/Valuing-Wales-National-Parks-.pdf

public sector would end up having to address problems of poor physical and mental health, poverty, substance misuse, homelessness, community safety, loss of access to the countryside and environmental degradation. Far better that resources are invested positively in support of policies to prevent such a breakdown from happening in the first place.

Q2: What lessons can we learn from current and previous policies?

30. As noted above, the CAP and structural funds contain important support mechanisms that are vital to rural life. These need to continue to be available through appropriate successor policies. However, there is scope to ensure any support offered in light of new policies is tailored more closely to the needs of Wales, recognising the range and diversity of rural activity and landscapes across the country. Wherever possible administration should be simplified, multiple delivery channels should be avoided, and advice and support should be available online and locally.
31. The move to a more strategic approach in the current programmes has its merits but it is also important that successor programmes find ways of connecting with communities and are not viewed as distant and 'top-down'. Lessons can be learned here from the community-led local development work under the RDP.
32. In addition, Wales has experience of a number of countryside/**agri-environment schemes** (payments to landholders to maintain or enhance the natural environment):
 - Tir Cymen + Habitat & Moorland schemes: 1992-1998
 - Tir Gofal: 2000-2009
 - Tir Mynydd (Less Favoured Areas): 2001-2011
 - Tir Cynnal ('Entry Level'): 2005-2009
 - all replaced by Glastir: 2009.
33. These schemes have been important in terms of conserving biodiversity on farmland, preserving the rural landscape, cultural and historical assets, and providing access for citizens. Monitoring has been shown to be crucial as it can inform improvement over time, leading to better outcomes. The schemes work best when they are targeted, based on good research. Since much farmland wildlife is now dependent on the schemes it is vital that appropriate measures are incorporated into any new policies.

34. As an indication of scale, a Wales Audit Office (WAO) report in 2014³ found that by the end of 2015, the Welsh Government expected to have made grant payments of £119 million on Glastir, including £65 million of European Union funding. The WAO identified ways in which the scheme could be improved (including more use of evidence in target setting) and these lessons should be built into any new arrangements.

Q3: Should Wales develop its own agricultural, land management and rural development policies or should it be part of a broader UK-wide policy and financial framework?

35. Agriculture policy and support was devolved to the Welsh Government under the Government of Wales Act 1998. It would therefore seem a backwards step to link Welsh policy in this area to policy in England. The Welsh policy context is increasingly diverging from that in England. The Well-being of Future Generations Act sets out a broad framework within which any new agricultural and rural policy must now operate. That same framework does not exist in England.

36. There may, however, be areas where consistency of approach would be helpful, for example in relation to competition policy; trade negotiations; farms along or straddling the border.

37. Also, it will be important to see what form of regional / industrial policy emerges in the wake of 'Brexit' and the extent to which the UK Government seeks to control these centrally, taking over from EU. Alternatively, a funding allocation could be made for regional policy in Wales as part of a UK approach but with the Welsh Government left to determine the detail of its operation (in association with stakeholders such as local authorities who would wish to see the funding devolved down further to a local level).

38. Given the important links between regional, industrial, agricultural and rural policies it will be necessary to ensure that they 'join-up' in a coherent way. Until high level decisions are made as part of the preparations for Brexit it is probably best to leave some options open at present.

³ *Glastir*, (2014), Wales Audit Office [Glastir | Wales Audit Office](#)