

Welsh Government

Brexit and our land: Securing the future of Welsh farming

Background to CIWEM

CIWEM is the leading independent Chartered professional body for water and environmental professionals, promoting excellence within the sector. The Institution provides independent commentary on a wide range of issues related to water and environmental management, environmental resilience and sustainable development.

CIWEM welcomes the opportunity to respond to the Welsh Government on its consultation on the securing the future of Welsh farming. This response has been compiled with the assistance of members from our Welsh Branch.

Response to consultation questions

1. We propose a new Land Management Programme consisting of an Economic Resilience scheme and a Public Goods scheme. Do you agree these schemes are the best way to deliver against the principles? If not, what alternatives would be best?

We agree that economic resilience should be encouraged through support. This approach recognises that farming businesses must first be profitable before they can realise their potential to provide environmental benefits and other public goods. We welcome the public goods focus of the second scheme and the intention that the Welsh Government will meet national and international commitments through the scheme. In designing the schemes, the Welsh Government has a good opportunity to meet objectives of the Wellbeing of Future Generations Act and the Environment (Wales) Act.

2. Does Welsh Government need to take action to ensure tenants can access new schemes? If so, what action would be best?

The Welsh Government should continue to make clear that the intended recipients of funding are those with day to day management control of the land.

3. From your experience of current programmes, what do you feel would work well for the future?

We think that access to personalised advice and a simple application process are key to encouraging the levels of participation needed to provide wide spread environmental benefit.

4. Do you agree with the focus of the Economic Resilience Scheme being on growing the market opportunities for products from the land throughout the supply chain, rather than restricting support to land management businesses only?

We agree with this focus as without the growth of supply chain opportunities farm businesses would be less able to reduce dependence on subsidies. Ensuring that farmers remain able to continue producing food is important for Wales's food security and, from a social perspective, for supporting farmers personal identities as food producers.

5. Are the five proposed areas of support the right ones to improve economic resilience? Are there any areas which should be included but currently are not?

We believe focus in the five proposed areas will help improve economic resilience. We welcome the focus on appropriate use of natural resources, circular economy and carbon footprint reduction seen in paragraph 5.29. As part of improving productivity it is important that the true value of natural resources used are considered in productivity calculations. Valuation of natural resources is an area that would benefit from development, within this we accept and support that some natural resources cannot, and should not, be valued in financial terms.

6. Of the five proposed areas for support, which are the priorities, both in terms of funding, and the sequence of delivery? For example, are certain measures needed in advance of others?

Effective risk management, area four, may be the most important priority initially. Around 90% of Welsh food and drink exports are sold to countries in the single market, as highlighted in the consultation. The UK has yet to complete its EU exit negotiations and then agree trade deals. As a result, the impacts of Brexit remain uncertain at present, making risk management for resilience important.

It will be very important to ensure that profitable businesses are able to remain profitable over the transition period. This will benefit the industry, local communities and environment. The environment will suffer where land managers do not have sufficient funds to undertake activities to benefit the environment which may be viewed as non-essential, as opposed activities that are necessary to earn income. Effective risk management will also help meet one of the key aims within the consultation of keeping land managers on the land, recognising that wider benefits from land cannot be delivered in the long term without managers assistance.

Knowledge exchange, skills and innovation, area five, will be key to effective risk management and for the delivery of increased productivity, area two. An increased focus on sustainable resource use, circular economy and carbon footprint reduction, within area two, may in turn open up new market opportunities where such factors are important to businesses for corporate social responsibility or to consumers and therefore buyers in the supply chain.

7. Should we be investing in people, for example to bring in new ideas, skills and people into land management and the supply chain in Wales? If so, how should we look to do this?

Encouraging new talent into the industry and the further development of existing talent will be beneficial in improving innovation which can contribute towards meeting all five areas. In

developing further skills within the industry continued knowledge exchange is essential. We are aware that farmer to farmer knowledge exchange yields the best results in terms of management changes. This is perhaps because effective solutions are often demonstrated rather than simply discussed.

In encouraging individuals with diverse backgrounds into the food and farming sector the first step should be to widely engage the public in understanding the links between farming, food supply, landscape management, and wellbeing. There may be a role for more land based education initiatives for school aged children and young adults to encourage uptake of higher education options, as well as produce more informed consumers to drive sustainable future market trends.

There are already a number of appropriate higher level educational courses open to those wishing to join the profession, though the link with wellbeing may be under addressed currently with it only recently becoming more formally recognised as a significant factor.

8. We have set out our proposed parameters for the public goods scheme. Are they appropriate? Would you change anything? If so, what?

Within parameter three we note that existing options must be taken up, we believe that it is good to protect existing natural resources. We are however concerned that potential options could create features then classed as existing options without farmers considering this impact or that farmers avoid these options for fear that the feature would then be protected through preventing entry to a future scheme if it were not included. For example, habitat resilience actions creating habitat features. We would like to see environmental measures implemented long term, but we think farmers should be made aware of this potential outcome so that they can consider where they place long term options. If farmers are put off taking measures any potential benefit, short or long term, is lost.

In relation to parameter five, we would like to highlight that some changes are best upheld by reduced or a lack of management activity. We believe additionality should focus only on the benefit options provide not the level of management activity required.

9. This scheme is meant to offer land managers the opportunity to access a significant new income stream as the BPS comes to an end. How could we improve what is being proposed to attract land managers whilst still achieving our vision and objectives?

It will be important that payments are of a reasonable quantum and are prompt. We welcome the proposed approach of paying an appropriate value rather than compensation for input costs. It will also be important that farmers are offered support through the application process, which should be as simple as possible, and through personalised advice.

Payment by delivery may cause issues where farmers follow advisors' recommendations, incurring costs, but results do not materialise leaving farmers in a worse position financially. We therefore welcome the proposed approach to "only include public goods in the scheme for which there is an evidence-based connection between land management actions and the delivery of a specified outcome" as a way of minimising risk for farmers.

10. Are there any other public goods which you think should be supported? If so, why?

There are no further public goods we think should be delivered by the scheme. We recognise that animal welfare and food are considered public goods by some but believe that these might be more effectively delivered through regulation and market incentives.

11. A number of public goods could potentially take several years, sometimes decades, to be fully realised. e.g. carbon sequestration through broad leaf trees. To deliver on these, land managers may need to enter into a long term contract. How do you see such agreements working? What do you see as the benefits or disadvantages to such agreements?

We believe that long term management options will require an initial payment and ongoing payments. It is important that farmers see a short term benefit to adopting long term management agreements. Long term agreements limit flexibility so may generally be seen as less desirable than short term agreements, unless options on the land involved in the option were anyway limited.

An initial payment should provide an incentive to sign up to the option as well as supporting initial set up costs. Annual payments should cover maintenance costs. Once value from the scheme can be measured, payments should be based on the value of the measured benefit less the set up and maintenance costs paid earlier to facilitate cash flow.

Long term agreements can raise issues where land is not owner occupied particularly where the owner intends to sell or ownership of the land is passed on in another way, for example through inheritance. Tenants may be able to sign up to long term agreements where landlords agree. Landlords may be able to negotiate entry to agreements with tenants or reserve the right to enter into long term agreements. When selling land, the seller cannot guarantee the future actions of the buyer, though they can require the buyer to pay any penalties for non-compliance with scheme conditions as a condition of sale. The introduction of conservation covenants, to be accessible to all parties, may be a useful way of allowing a present landowner to bind future land owners to abide by positive management requirements.

12. A collaborative approach to delivering public goods may in some instances provide better value for money than isolated activity. How could the scheme facilitate this approach? How could public and private bodies contribute to such partnerships?

We agree that collaboration is both desirable and necessary to improve the provision of environmental benefits at a wide scale. However, we disagree with the proposed approach of only engaging one farmer in a landscape in the design of a scheme that other farmers can then sign up to.

Taking learning points from the Catchment Based Approach in England, which has published a [2017 review](#), we see that collaboration provides the best benefit when everyone is involved and feels their voice is heard. This allows the extent of relevant issues to be fully explored and for a variety of innovative solutions to be offered and discussed with all parties agreeing to the course of action to be taken. One farmer should not speak for all other farmers in the region this will limit innovation and buy in from others.

The catchment based approach also brings in other stakeholders so that different priorities within the catchment can be balanced. This also facilitates access to alternative funding sources.

13. Some actions can deliver multiple public goods in the same location. For example, peat bog restoration can have benefits for carbon sequestration and flood risk reduction. However, some locations could be suitable for multiple public goods from different activities. For example, one location may be suitable to either plant trees for carbon sequestration, or to revert to wetland for biodiversity. How could locations for single, multiple or competing benefits be prioritised?

Mapping could help determine preferred land use. For example, many sites may be suitable for tree planting but fewer for wetland restoration so the preferred use for a site that can deliver both might be wetland restoration. Other factors that should also be considered include local needs and evidence as to the effectiveness of interventions. Where proposed changes would affect the hydrology of an area their impact on the wider catchment should be examined.

Changes made for biodiversity value should consider how best to support the desired species. This may include controlling alien species and other threats such as chemical use. It is particularly important that pollinators such as bees are protected as pollination is important for food production.

Ultimately farmers will decide how they want to use their land by considering what options fit in best with the rest of their system, the impact options have on flexibility of future land use and whether the payment levels for suitable options make the change economic.

14. Given that support for the delivery of public goods will be a new approach in Wales, there will be a requirement for a significant amount of training and advice for the sector. How best could this training and advice be delivered? Which areas of the sector need the most attention?

Farm advisors, whether Government employed or land agents, will need training in identifying ecosystem opportunities stemming from natural capital. Training on how to value these benefits will also be necessary.

Independent ecosystem service assessors who have the task of identifying whether benefit has been delivered will require training. It would also be good for farmers to be able to identify whether benefit is being delivered so that they can make more informed choices when reviewing their management practices.

15. Private investment in the purchase of public goods is already happening, but at a relatively small scale. How could the new scheme promote greater involvement from the private sector? What are the barriers to this type of investment?

The Government should only pay for truly public goods. Where a potential purchaser can be identified those goods should not be covered by schemes. This will prevent private businesses, who might otherwise be willing to pay, from securing those goods free of charge and so will help define where operation of a private market would be desirable.

The two main barriers to the development of a payments for ecosystems services market are lack of valuation certainty and lack of a suitable legal mechanism to facilitate long term positive management obligations.

To help facilitate growth of a private market we ask the Government to consider; researching and promoting valuation methods, acting as a first loss investor in flagship projects, introducing conservation covenants that can be used widely rather than only by responsible bodies as defined in the [2014 Law Commission report](#), and addressing the current lack of suitable metrics for delivery.

16. [What are your comments on the phased transition period and our ambition to complete the changes by 2025?](#)

We believe that the proposed transition period is reasonable. We welcome the intention to introduce the new schemes as the old ones are phased out. This should help ensure that farmers remain profitable, which is an important factor in avoiding creation of an environmental deficit during the transition.

We note the approach to splitting funding between the two schemes, focusing on the Economic Resilience scheme in the short term with a switch to a focus mainly on the Public Goods scheme in the long term. We welcome this as a pragmatic approach that will help ensure that farmers remain in business by adapting to economic uncertainty in the face of Brexit and will support regulatory compliance delivering a strong baseline. We believe that farmers can provide most environmental benefit through providing ecosystem services under the Public Goods scheme so support for the Public Goods scheme should comprise the major part of the funding envelope in the long term.

17. [What is the most appropriate way to phase out the Basic Payment Scheme to start implementation of the new schemes?](#)

The most appropriate way to encourage all farmers to prepare for the cessation of direct payments is to make proportional reductions to all claimants' payments over the whole of the transition period. Making reductions to large claimants' payments only results in a cliff edge reduction for smaller claimants later in the transition, which claimants may find more difficult to manage.

18. [How can we simplify the current administration and delivery of the Basic Payment Scheme during the phased transition period?](#)

In our response to the English consultation we suggested that it would be appropriate to remove the three crop rule as it has not provided environmental benefit. Given that much of Wales's farming is livestock enterprises this may provide limited benefit. However, it may still be worth removing so that the rule does not need to be enforced on arable farms.

Similarly, if there are other rules that are not providing much benefit they should be reviewed with the intention of removing them if the administrative burden outweighs the benefits provided.

However, we are wary of removing all greening rules, simplifying cross-compliance requirements too much or reducing minimum requirements. Given the intention to increase focus on delivering environmental benefits this could send mixed messages to the sector resulting in reduced environmental delivery in the short term. There needs to be clear messaging that providing environmental benefit is important and should be delivered through evidence based measures as stated within parameter four.

19. Will the proposed land management programme have any effects (either positive or adverse) on:

- opportunities for persons to use the Welsh language;
- treating the Welsh language no less favourably than the English language?

The proposals should have a positive impact on the Welsh language. The Welsh language is well used by farmers and in rural communities. Rural communities will be supported by the inclusion of the supply chain in the Economic Resilience scheme and by local spending of others who are supported by schemes. In this way the schemes set out will help ensure that rural communities remain active and so will support use of the Welsh language.

20. Do you wish to make any further comments?

Paragraph 7.12 raises the development of a set of Basic Measures that farmers should comply with to provide access to the financial schemes. We understand that this will look to simplify and clarify the current regulatory regime and address gaps, inconsistencies and conflicts. Clearly this would be best dealt with by regulatory reform but we accept the point that regulatory reform requires more time than is currently available to ensure the most appropriate solutions are developed.

We ask that within any Basic Measures introduced it be made clear which requirements are regulatory requirements, and where that regulation can be accessed, and which are scheme conditions only. Regulations should be enforced and awareness is the first step to compliance. Regulatory compliance obligations may be discussed in farmer discussion groups to raise better awareness and compliance amongst farmers who do not partake in the schemes and would otherwise be unaware of requirements.

Paragraph 5.50 notes that advice would be best provided by a range of organisations advising their areas of expertise. This will ensure the most relevant and up to date information is provided to farmers, land managers and supply chains. It is highlighted that this will need to be provided through an integrated programme. This will be essential to ensure that the available high quality advice is accessed. If signposting to the appropriate advisors is not clear advice will not be pursued and benefit will not be provided despite the excellent expertise available.