

Lesley Griffiths MS

Minister for Rural Affairs and North Wales, and

Trefnydd

10 November 2023

The Habitat Wales Scheme (HWS)

Dear Lesley,

As you are aware, the Habitat Wales Scheme (HWS) is causing heightened and widespread concern amongst stakeholders. Several have contacted the Committee to highlight these concerns, and so although there was some exploration of the issues in Plenary yesterday, I am writing to seek a written response in advance of our scrutiny session with you in December.

Those who are calling on the Committee to investigate this issue include the Soil Association, NFU Cymru, Farmers' Union of Wales, CLA Cymru, Nature Friendly Farming Network, Organic Farmers & Growers, Welsh Lamb & Beef Producers Ltd, Quality Welsh Food Certification Ltd, Welsh Organic Forum, National Trust Cymru and RSPB Cymru.

Correspondence from Andrew Tuddenham at the Soil Association says that farming unions, NGOs and organic control bodies are all reporting that farmers receiving support for nature-friendly and low carbon farming practices through Glastir face cuts in support of 60-95%. They say this could result in the off-wintering of hill stock or the management of hay meadows becoming unviable, for example.

Payment rates and economic impact assessment

You indicated in Plenary on 4 October that the Welsh Government's adverse financial position has constrained the scope of the transitional HWS. However stakeholders are not clear how payment rates had been set whilst the overall budget for the scheme was unconfirmed. Stakeholders also point out that they have seen agri-environment schemes carrying on elsewhere in the UK following the ending of RDP funding, for example Countryside Stewardship scheme in England is still running. Therefore some are questioning why it was necessary to end Glastir and bring in a new transitional



scheme with lower payment rates. It has been suggested that the new transitional scheme could have been an option for new entrants, whilst those with Glastir contracts could have continued under the same system.

Glastir was a whole-farm scheme whereas HWS is based on payment per hectare of eligible habitat patches, with a tapering element by capping the payments. The farming unions raised that those with the most habitat on their farms and therefore the best potential to deliver for nature will be penalised, a sharp change from Glastir. There is concern that this change has been made without consultation and with no modelling of the impact on business viability. Farmers who have moved to sustainable land management practices over many years are now being asked to adjust to a significant drop in income over a 6 month period, which the farming unions say is leaving farmers vulnerable, without adequate time to adjust. They highlight therefore that the HWS is not delivering on all of the Sustainable Land Management objectives of the *Agriculture (Wales) Act 2023*. There is concern this system of payment rates will set a precedent for the Sustainable Farming Scheme (SFS).

It would be helpful if you could provide more explanation of the rationale and methodology used to determine the payment rates, and why no economic impact assessment and modelling, or scheme-specific consultation, was conducted before the HWS was introduced. If there are plans for such modelling and economic impact assessment going forward then it would be useful to receive details of that work.

Take up of the scheme

On 8 November you told Plenary that 1,600 farmers had applied to the scheme, and that 40% of those are not in Glastir currently. Given that there are around 3,000 farmers currently in the Glastir scheme in Wales, how confident are you that numbers accessing the new scheme will reach the same level as under Glastir, and that there will be no dip in sustainable land management practice as a result of uptake? Does the current uptake for HWS raise concerns about future uptake of the SFS?

Stakeholders have also expressed concerns that if there is a drop in HWS scheme participation compared to Glastir, that the budget allocated to what is effectively its replacement could then be lost to the sector. Stakeholders are calling for the budget to be ringfenced for agriculture. In the context of constrained budget allocations, these concerns are valid and it is understandable that the sector is raising them. Stakeholders are aware that we will be undertaking scrutiny of the Welsh Government Draft 2024-25 budget in the New Year, but assurances about monies allocated to the HWS this year would be welcome.

Lack of support for whole-farm organic

There is widespread concern from stakeholders about the HWS not providing support for whole-farm certified organic management. The Soil Association states that many farmers are indicating that they will turn to more intensive practices to maintain their income. To support this, the results of recent

surveys undertaken by a number of organisations have been provided, which I attach, illustrating the expected detrimental impact of the scheme at a farm level from the perspective of some farmers. The views expressed raise the risk of losing organic farmers and those already committed to the Sustainable Land Management principles underpinning the new approach to agricultural support in Wales. That would be a deeply regrettable unintended consequence of the implementation of this transitional scheme.

Problems with mapping

Problems with the mapping methodology have been raised with you in Plenary, and you provided assurances on 24 October that those mapping issues had been 'dealt with'. Stakeholders are concerned that the flaws in the methodology for the HWS could potentially have implications for the SFS if the same methodology is to be used.

It is important that we get this right for farmers, and so I would be grateful if you could set out how you will ensure that any problems and teething issues with the HWS will not be repeated with the design and implementation of the SFS.

Implications for the Sustainable Farming Scheme (SFS)

There is widespread concern amongst stakeholders that the HWS, whilst intended to provide a seamless transition to the SFS, will instead cause serious economic and environmental consequences in Wales, setting back the implementation of the SFS from the outset.

Problems with the HWS are not only a problem for farmers currently in Glastir and committed to best practice in land management, but also risk undermining confidence in the future approach under the SFS, and that farmers entering it will receive fair reward for environmental outcomes.

Although there may be limited time in which to address all of these issues with the current HWS scheme, stakeholders would like assurances that issues will be resolved before the SFS is brought in in 2025.

I look forward to your response to the issues raised.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

Enc: HWS Farm Impacts shareable.xls