

Lesley Griffiths AC/AM  
Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA-P/LG/2862/18

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

 October 2018

*Dear Mike*

Thank you for your letter of 5 October following our scrutiny session on 4 October asking for the following further information.

### **Red Meat Levy**

Please find attached a copy of my letter of 12 September to Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs, regarding the Agriculture Bill.

### **Brexit capacity and expertise**

There is an increasing need to develop new capacity and expertise to prepare for the UK's departure from the European Union including policy development and to put in place new operational delivery systems. Brexit is also generating large volumes of new work in areas such as legislative correction and reform as well as demanding new capability in areas like rural, environmental and trade policy that will enable us to function successfully in a post-Brexit world. This transition is both complex and fast-moving.

Brexit work affects teams across the portfolio and many existing staff focus a large amount of their time on Brexit related work. Until recently, we have managed this challenging work with minimal additional resource, largely by moving a number of experienced colleagues within the portfolio into dedicated Brexit roles. We have created two new Brexit related divisions largely staffed with officials moved from other roles from across the portfolio, an EU Exit Division to coordinate the range of Brexit work and lead engagement with the UK Government on frameworks (26 posts) and a Land Management Reform Division which leads on the reform of farming support outlined in "Brexit and our Land" (10 people). We have done some external recruitment and secured secondees from other government departments and organisations, which has added an extra 44 people, mainly filling roles on fixed-term contracts and adding capacity to teams across the portfolio; the majority of these new staff joined the organisation in September and October.

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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 Cabinet Secretary for Finance has recently agreed a ring-fenced programme budget within the Central Services and Administration MEG to fund 195 additional fixed term posts across Welsh Government to help us manage negotiations within the UK, prepare for the operational implications of leaving the EU and develop post-EU common frameworks. My portfolio resource will make up 144 posts of this 195 total.

This additional funding has been made available from the £20.7m Brexit-related consequential from UK HMT that was confirmed earlier this year; allocated on a time-limited basis for financial years 2018-19 and 2019-20 only.

<b>Resource Phase</b>	<b>No. of Staff</b>	<b>Estimated Annual Cost</b>	<b>Funding Source</b>
EU Exit Division	26	£1.400m	EPRA Admin Budget
Initial EPRA Led	44	£1.800m	Central Admin Budget
Centrally Led Recruitment	144	£7.400m	Ring Fenced Central

Prioritising how we allocate our resources will involve some difficult choices and trade-offs, with corresponding risks to business delivery that we will need to manage very carefully over the next two years. A resourcing strategy has been established to balance priorities, risks and budgetary pressures.

Critical Brexit leadership roles will be filled with our most skilled and experienced people. However, the scale of the challenge means that we will need more high-performing senior Executive Band colleagues to take on priority leadership roles as soon as possible.

The number of experienced senior colleagues moving into these Brexit priorities will create challenges for the rest of my portfolio business as well as other priorities across Welsh Government. I will ensure these critical leadership roles for priority government business are protected.

For the less senior roles, at Management Band and Team Support, we will use a blend of internal lateral recruitment, loans from other parts of the UK civil service and some external, fixed-term recruitment.

The Executive Committee, chaired by the Permanent Secretary, will continue to oversee workforce planning and Brexit resourcing to ensure that decisions on Brexit align to our workforce goals, and do not jeopardise our longer-term affordability or delivery of essential Welsh Government programmes.

### **Disapplication of paragraph 6.2 of TAN 1**

A decision about whether or not to reinstate this paragraph will be made as part of the full review of the delivery of housing through the planning system which I launched on 18 July with a 'call for evidence'. I will be happy to update the Committee further in due course.

## Addressing food waste

My Food Division officials are directly engaging with the commercial food sector through our cluster network of over 450 businesses on the impact of food waste within the sector. In addition Food Innovation Wales is leading on new areas of business engagement within this sector.

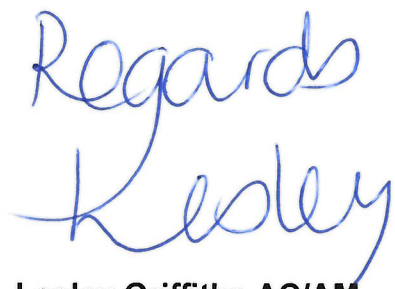
We also fund WRAP Cymru who manage the Courtauld 2025 agreement in Wales and have also developed support for businesses to reduce food waste and innovate in the use of food waste.

The Courtauld agreement brings together organisations across the food system to cut by one-fifth over ten years the resource needed to provide our food and drink. Courtauld 2025 will be a key player in delivering the Welsh Government's proposal to halve food waste by 2025, in line with UN Sustainable Development Goal 12.3. This will form part of our forthcoming updated waste strategy. The Courtauld 2025 agreement looks to

- embed new criteria into design, buying and sourcing,
- optimise the whole supply chain to produce more with less,
- help people get more value from the food and drink they buy, and
- find innovative ways to make best use of wastes and surpluses.

WRAP Cymru has produced guidance for different sized businesses and a video entitled Reshaping the Food Supply Chain which records the collective ambition of Courtauld 2025 signatories and their enthusiasm for building a food and drink supply chain that is more resilient, more sustainable and good for business.

We will be consulting next spring on our target to reduce food waste as part of our review of the current Welsh Government strategy 'Towards Zero Waste'.



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Rt Hon Michael Gove MP  
Secretary of State for Environment, Food and Rural Affairs  
Seacole Building  
2 Marsham Street  
London  
SW1P 4DF

12<sup>th</sup> September 2018

## **Agriculture Bill**

Thank you for your letter of 7 September on the planned introduction of the Agriculture Bill which will make provision for aspects of agricultural support across the UK and for the delivery of future support payments to farmers. The Bill also confers powers on Welsh Ministers.

We intend to draw on these powers until our own primary legislation can be brought forward to design a 'Made in Wales' system which works for Welsh farmers and our communities, as proposed in the 'Brexit and our Land' consultation.

The work between our two Governments on the Bill has been an example of intergovernmental cooperation showing we can work together effectively without the need for constraints on devolved competence. There is no reason why we should not continue to work effectively together in developing the UK framework for agricultural support using the principles set out in the Intergovernmental Agreement on the European Union (Withdrawal) Bill (IGA). The joint Agriculture Framework Progress Update we have agreed helps demonstrate this to our stakeholders.

As you know, the IGA clearly states 'section 12' regulations will only be brought forward where there is a need to 'freeze' retained EU law pending the agreement of cross-UK frameworks. I am pleased we have agreed this is not necessary in the case of agricultural support. I therefore welcome your reassurance 'section 12' regulations will not be required. Further work is still needed to define the non-legislative aspects of the framework and I expect progress will continue to be made on this in the coming months.

While we can generally give support to the Bill as drafted, there remain two outstanding issues on which it is important to set out my position. These are the WTO Agreement on Agriculture and the redistribution of the Red Meat Levy.

You have said the management of the UK's Agreement on Agriculture at the WTO is an issue which the UK Government believes to be reserved. The Welsh Government does not accept as a matter of law that all aspects of the relevant clause are reserved and, in any case, we argue there is a need for all of us to recognise there is a strong relationship between the WTO powers and devolved responsibilities on agriculture support. It is highly likely the National Assembly legal advisors will take the same view, i.e. the clause requires legislative consent, and the Assembly will therefore consider it in the context of the legislative consent motion. Our advice to the National Assembly on the view it should take on this issue will depend on the further work between our governments.

We welcome your commitment to make clear in the explanatory notes for the clause, and on the floor of the House of Commons during passage of the Bill that the UK Government will consult the devolved administrations, supported by an agreement setting out clear processes, before bringing forward regulations under this power.

However, the commitment to consult is not sufficient reassurance given the importance of this issue. I have therefore instructed my officials to continue to work towards an agreement which ensures appropriate engagement with, and consideration of the views of Welsh Ministers and other administrations. In particular this will need to address:

- The classification of domestic support for the purposes of the Agreement on Agriculture, particularly where this may deviate from definitions established by the WTO.
- The design of the disputes resolution process, including where appropriate the role for independent advice. Any Secretary of State power on the classification of a scheme should only be used in exceptional circumstances and having exhausted all other options to ensure compliance with the WTO.
- How individual limits on the amount of domestic support may be given by each appropriate authority are to be developed in collaboration with all administrations. We need clear assurances that limits will not be imposed on the devolved administrations unless these are demonstrably justified for compliance with the WTO rules and do not unduly favour the interests of England at the expense of the devolved nations and Northern Ireland.
- How to ensure that functions are not conferred or delegated to a person without consultation and agreement with the administrations.

I am disappointed powers relating to the redistribution of Red Meat Levy will not be on the face of the Bill at introduction. I am expecting a Government amendment to correct this as soon as possible. It is critical the red meat industry is able to access funds to prepare it best for the opportunities of Brexit and react to inevitable change. Given a legislative change is required to underpin any future agreed mechanisms about finding a solution, the Agriculture Bill – the first to be introduced in Parliament

for some decades – is surely the appropriate opportunity to resolve this longstanding issue.

I also want to use this letter to record the Welsh Government's position in relating to Producer Organisations, Fair Dealing and State Aid. I agree the provisions on recognition of Producer Organisations as set out in the Bill are outside the National Assembly for Wales' legislative competence. I am also content the provisions about fair dealing with agricultural producers, as currently framed, should have a UK wide application but the Welsh Ministers reserve their position as to whether the National Assembly for Wales could make provision about these matters in future in relation to Wales. On State aid, officials will continue to engage on the development of appropriate powers.

Officials have made considerable progress on the content of the Bill over a very short period. I am confident we can continue to work together to manage these and any other issues we may identify during the Bill's passage effectively. Subject to such matters being resolved satisfactorily I hope to be in a position to recommend legislative consent in due course.

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end.

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