

Brexit and our Land  
Land Management Reform Division  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

29<sup>th</sup> Oct 2018

Dear Sir / Madam

Natural Resources Wales welcome the opportunity to comment on the Consultation “Brexit and our Land: Securing the Future of Welsh Farming”. I attach our comments to this letter.

There are several key principles that we would also like to draw to your attention.

- NRW strongly supports the case for bespoke provision in Wales which enables and supports the delivery of the Well-being of Future Generations Act (2016) and Environment (Wales) Act (2016) and will work closely with stakeholders and Welsh Government in development and delivery of these schemes.
- The consultation document does not adequately explore the helpful linkages between the ambition of the new schemes and the statutory framework put in place by the Environment (Wales) Act 2016. Ensuring that the schemes outlined in this consultation are plumbed into this adaptive delivery framework would ensure that the schemes continue to remain relevant. It also maximises the delivery to the Well-being goals of Wales and ensures that they continue to deliver value for money in provision of public goods. Furthermore, Area Statements should provide a key means of spatial prioritisation of public goods interventions.
- The establishment of the contributory principle (“something for something”) is an important milestone. Supporting land managers to integrate and embed delivering wider public goods into production systems is key to delivering sustainable management of natural resources.
- NRW are supportive of the five principles for reform, however they may need to be broadened to include sustainability as a key principle to align funding for land use industry with public (tax payer) expectations.
- It is important to reinforce the link between sustainable production of food and fibre and the delivery of public goods, in an integrated manner. This approach is vital to support resilient land management businesses that are able to undertake sustainable production of food and fibre and the delivery of key environmental outcomes at a landscape scale.

A key aspect of this is supporting the development of skills and knowledge across the land management sector.

- The consultation presents economic resilience, public goods and regulation as three separate strands of work. We believe there are significant gains and benefits in integrating all three in a holistic manner. If not considered together, there could be significant detrimental effects. A key risk is that Economic Resilience measures are not integrated with wider environmental, social and cultural outcomes.
- Although the ambitions set out in the consultation are commendable, it is necessary that further thought is given to the progressive management required to meet sustainable management of natural resources. For example, the management of ecosystems, for habitat connectivity and species diversity will require a certain element of targeting, specificity and adaptation. This is essential to ensure metapopulations can appropriately respond to the process of land use change and delivery expectations in line with the Nature Recovery Plan and Vital Nature. This will be needed to ensure both the resilience of ecosystems and the services or public goods they can provide, now and in the future.

I hope these principles help set the context within which our attached comments have been made.

If you have any queries in relation to our detailed response, please contact me at [Robert.vaughan@cyfoethnaturiolcymru.gov.uk](mailto:Robert.vaughan@cyfoethnaturiolcymru.gov.uk)

Yours Faithfully

Bob Vaughan  
**Manager Sustainable Land Farming and Forest Management**

## CONSULTATION QUESTION SECTION ABOUT YOU SECTION

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Responding on behalf of **Natural Resources Wales**

Please indicate which of these best represent you or your organisation

[Please tick all that apply]

- |   |    |
|---|----|
| <b>a. Farming</b>                       | √√ |
| <b>b. Forestry</b>                      | √√ |
| <b>c. Environmental interests</b>       | √√ |
| <b>d. Food and timber supply chains</b> | √√ |
| <b>e. Public sector</b>                 | √√ |
| <b>j. Other, please specify below</b>   |    |

- **Adviser:** principal adviser to Welsh Government, and adviser to industry and the wider public and voluntary sector, and communicator about issues relating to the environment and its natural resources
- **Regulator:** protecting people and the environment including marine, forest and waste industries, and prosecuting those who breach the regulations that we are responsible for
- **Designator:** for Sites of Special Scientific Interest – areas of particular value for their wildlife or geology, Areas of Outstanding Natural Beauty (AONBs), and National Parks, as well as declaring National Nature Reserves
- **Responder:** to some 9,000 reported environmental incidents a year as a Category 1 emergency responder
- **Statutory consultee:** to some 9,000 planning applications a year
- **Manager/Operator:** managing seven per cent of Wales' land area including

woodlands, National Nature Reserves, water and flood defences, and operating our visitor centres, recreation facilities, hatcheries and a laboratory

- **Partner, Educator and Enabler:** key collaborator with the public, private and voluntary sectors, providing grant aid, and helping a wide range of people use the environment as a learning resource; acting as a catalyst for others' work
- **Evidence gatherer:** monitoring our environment, commissioning and undertaking research, developing our knowledge, and being a public records body
- **Employer:** of almost 1,900 staff, as well as supporting other employment through contract work.

### **Question 1 of 20**

#### ***From Chapter 4: Land Management Programme***

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?

1. Yes
2. No
3. Unsure

If NO, what alternatives would be best?

Yes. However, if these schemes are delivered as currently set out in the consultation document they would not deliver the full range of opportunities that could be realised if the following points are noted.

NRW strongly supports the case for bespoke provisions in Wales which will enable and support the delivery of the Well-being of Future Generations Act (2015) and Environment (Wales) Act (2016). The establishment of the contributory principle ("something for something") is a particularly important milestone bearing in mind the increasing demands now being placed upon the Welsh Government budget in terms of health, social care and education and the loss of the Common Agricultural Policy which currently provides the framework in relation to budgetary commitment and spending profiles.

The consultation paper makes the point that there is a broad-based case for continuing to provide support to land managers as well as increasing the range of those who are eligible to receive payments. Within this context, the creation of a two-pronged support system including economic resilience and public goods schemes is proposed. However, the economic analysis of climate change mitigation and adaptation shows that working within the envelop of sustainable management of natural resources is the most cost-effective solution<sup>1</sup>. This means that the economic resilience tools need to be deployed in terms of the capacity and capability of the natural resources to support businesses in a sustainable

<sup>1</sup> <http://www.exeter.ac.uk/leep/research/nevo/>

manner. Central to the recognition that these two schemes should be intimately linked is the reality that economic resilience is significantly underpinned by ecological resilience. By recognising this, the economic resilience scheme can be designed in such a way to enhance ecological resilience too, with benefits for public goods – and *vice versa*. As a result more regulation may be required where economic resilience dominates to ensure that public good delivery is not undermined.

Similarly, viable businesses are essential in the long term to manage delivery of public goods and is important to ensure that economic resilience tools support businesses to develop their capacity to deliver public goods, as public goods production can also improve the resilience of land management businesses. There are many instances where profitability can be increased by adopting measures that also deliver public goods. For example, adopting forb-rich forage systems can reduce inputs and improve livestock health to increase profitability, whilst also improving soil water storage, increasing carbon sequestration and benefiting biodiversity.

Consideration needs to be given to the full integration of the economic resilience and public goods schemes.

There are also fundamental gaps if these schemes are to be a full replacement for CAP and a vehicle to deliver Welsh Government policy. These gaps are in relation to support for rural communities and the wider social and economic links in the rural economy that land managers are an integral part of.

There is currently no replacement proposed for the European Structural and Investment funds, though this is discussed in a separate consultation on regional funding. It is important that this funding is properly integrated with public goods and economic resilience funding to support the Sustainable Management of Natural Resources. These strategic regional investment funds have the potential to play an important role in production and supply of food and fibre and improving the links to the wider supply chain. Wider economic rural development schemes, such as LEADER, also form part of the current RDP. These schemes play an important role in supporting the rural economy in Wales. It is not clear how the proposed schemes alone will replace these and how the delivery of WG policy such as the Woodlands for People section of the Woodlands for Wales strategy will be delivered without them.

It is essential that the proposed schemes, and any replacements for community and regional investment funds, are integrated to ensure cumulative benefits. All should also be supported by effective advice, guidance, training and development. The proposed schemes should ensure that the links between land management, business resilience, Sustainable Management of Natural Resources and the delivery of economic, environmental, social and cultural outcomes are integrated effectively.

An example of the benefits to delivery of public goods and economic resilience of integrating rural community funding is demonstrated by the success of commissioning

independent Glastir Commons Development officers to support the coordinating/developing of detailed applications to be submitted to other funding streams<sup>2</sup>.

## **Question 2 of 20**

### ***From Chapter 4: Land Management Programme***

Does the Welsh Government need to take action to ensure tenants can access new schemes?

1. Yes
2. No
3. Unsure

If YES, what action would be best?

Yes.

For the Public Goods scheme to be effective, it is essential to link payments and incentives to whomever is undertaking the management of the land that produces the Public Goods benefit. Currently, a significant proportion of land in Wales is managed under a tenancy arrangement of various sorts. The nature of the relationship between landlords and tenants can therefore have a major impact on the management of natural resources. Some existing tenancy arrangements, in particular the short-term nature of tenancies, can act as a barrier to tenants and landlords investing in long-term improvements or measures. For example, tree planting schemes due to ownership of the timber, or modernising infrastructure such as slurry stores. It would be helpful to develop a clear approach and guidance for land owners and land managers on how they can access different aspects of the proposed schemes, as any measure which improves the capacity to deliver on tenanted land is likely to provide additional benefits in terms of natural resource management.

This is also relevant to other land in Wales such as common land, which makes up approximately 8% of land in Wales. Common land rights holders need to be able to access the new schemes, including those rights holders who do not currently exercise their rights (for example to graze or to cut peat). Common land rights holders who proactively contribute to habitat restoration and management by not grazing/exercising their right should also be eligible for payment. There are more than 500 Section 45 commons (Commons Act 2006), representing about a third of all commons and covering about 12% of the total area of common land in Wales, that have no known owners. These commons are vested in Local Authorities and many provide valuable public access areas and are in need of active management. Consideration needs to be given to whether Local Authorities will be eligible to apply for the Public Goods scheme for maintaining open access on overgrown/abandoned commons that potentially would benefit public well-being locally.

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<sup>2</sup> <http://www.ccri.ac.uk/glastir/>

Consideration could also be given to whether land owning trusts and other organisations such as charities which benefit from public funds or tax relief should have conditions set that ensure they are contributing and delivering against the Well-being of Future Generations Act (2015) and the Environment (Wales) Act 2016. This could provide the enabling framework to help tenants (and commoners) to engage with incorporating public goods with the agricultural requirements of their tenancies (or commoners rights).

### **Question 3 of 20**

#### ***From Chapter 5: Economic Resilience***

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

Many European schemes have had considerable success in delivering environmental benefits but there are several key factors that are common to successful schemes that must be given sufficient consideration when designing new schemes for Wales.

Successful schemes:

- have been specific to a region and carefully adapted to the local farming practices and environmental conditions;
- have a considerable element of landowner training;
- are well resourced with knowledgeable project officers who offer good landowner support and can monitor outcomes;
- provide facilitation for development of cooperation;
- have had pilot periods to fine tune targets and payment rates;
- pre-scheme advice and engagement;
- Flexible and adaptable to be able to accommodate different farming and forestry systems (Whether this is achievable with one large scheme or will require several smaller schemes depends upon how possible it is to accommodate a wide range of requirements within a single scheme);
- Potential for collaborative delivery;
- Support up and down the supply chain;
- Potential to develop special projects;
- Training and development;
- simple application process;
- development schemes for business that are supported beyond the gate;
- have clear links to regulation, advice and guidance.

Consideration how these factors can be accommodated in Brexit and Our land is essential.

Aspects that have been perceived as being detrimental to success of scheme:

- Expression of interest and the time taken to have an agreement in place,
- Application windows (note that other administrations and previous schemes have used 'rolling' windows to good effect, particularly for forestry schemes);
- Delivery timescales associated with annual payment;
- Punitive approach to compliance;

- Having well designed schemes available but complications of accessing the new funds mean that many land managers do not engage.

Wales specific considerations:

- The need to develop both the ERS and the PG scheme in tandem.
- The benefit of tying in with SoNaRR, Area Statements and ERAMMP.

A referenced analysis of different schemes will be provided outside of this response.

## **Question 4 of 20**

### ***From Chapter 5: Economic Resilience***

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?

Yes, if well designed, and the scheme ensures that supporting existing and potential businesses beyond primary producers also benefits land managers, the environment, local small businesses and contributes to achieving the well-being goals of Wales. Otherwise a key risk is that Economic Resilience measures will not be sufficiently integrated with wider environmental, social and cultural outcomes.

All Economic Resilience schemes should embed supporting the delivery of Public Goods as a key outcome. They should also be primarily about making businesses more resilient, i.e. better businesses that will be more efficient/viable in the future, not reliant on grant support and better able to adapt to market change.

There is a lot of potential to support businesses up and down the supply chain (both food and fibre) that could drive demand for the products of land management businesses. This would also help to increase understanding and delivery of Public Goods and the wider benefits of sustainable land management and its role in Corporate Social Responsibility. With an enabling framework this could complement a more resource efficient circular economy. There is significant opportunity to better link the forestry and wood processing supply chain as currently the support beyond 'the forest gate' is relatively limited compared to other sectors.

There is an opportunity with the proposed Economic Resilience scheme to use the "Cymru Wales" Nation brand in conjunction with sustainable brand values in the land management sector. This could facilitate integration of high quality products such as food and fibre and the ways in which our natural resources are managed for the benefit of future generations. It also has the potential to better integrate regulation, incentives and best practice across the land management sector.



## **Question 5 of 20**

### ***From Chapter 5: Economic Resilience***

Are the five proposed areas of support the right ones to improve economic resilience?

1. Yes
2. No
3. Unsure

Are there any areas which should be included but currently are not?

Yes.

The suggested structure of 5 broad themes (within which a larger number of individual support schemes will presumably be developed) seems sensible. However, there are significant potential issues in relation to the term 'improving productivity'. This has very specific meaning within an agricultural context in terms of increasing outputs, this is commented on further in our response to question 6.

The promotion of increased resource efficiency and energy efficiency throughout the food and fibre supply chains and supporting the shift towards a low carbon and climate resilient economy in agriculture, food, forestry and timber sectors should also be considered. This supports both economic resilience and the delivery of public goods and helps to integrate delivery. There is significant potential to support supply chain integration in the forestry and timber processing sectors, in a similar way to the current support for the wider food supply chain as well as food production on farms. For example, by encouraging greater value-added processing in Wales and with support such as the food innovation fund currently available to the food processing sector.

For the diversification element the promotion of opportunities in the wider supply chain, as well as land-based industries, will need to be coupled with a broader approach to rural economic development as part of the new Regional Investment Programme and the National Development Framework.

Economic Resilience should include measures that support and encourage the development of co-operatives to reduce business and taxpayer costs and to achieve wider benefits to the environment. For example, machinery rings that share the use and cost of equipment and machinery supported through the Economic Resilience scheme. Other collaborative opportunities include catchment-based, landscape-scale action through the public goods schemes, such as improving water quality or habitat connectivity, where some support through Economic Resilience, for example for infrastructure, may improve outcomes.

Where markets for public goods are already emerging (e.g. carbon, water quality) there is potential for the Economic Resilience Scheme to provide additional funding to promote development and engagement of land managers with these PES markets. This could

encourage market-based participation and reduce the taxpayer funding burden from the Public Goods Scheme which the same land manager may also be eligible for, as markets develop further over time. In this manner, the Economic Resilience and Public Goods Schemes can operate in concert, supporting and nurturing growth in provision of public goods.

As stated in previous answers, it is essential that the proposed schemes ensure that the links between land management, business resilience, Sustainable Management of Natural Resources and the delivery of economic, environmental, social and cultural outcomes are integrated in an effective way.

Consideration needs to be given to the inclusion of support for system-level change such as agri-forestry, organic farming, integrated farm management and nature-based solutions such as agroecology. How to enable the fundamental change of moving away from volume production above the capabilities of natural resources, to quality-added produce within a sphere of sustainable management of resources needs, is a key issue in promoting more resilient and sustainable land management.

Working with nature through agroecology can contribute to sustainable intensification. Work commissioned by the Land Use Policy Group includes learning around cultural change and social capital for changing farm practices. This can have a significant role in delivering towards Well-being goals of cohesive communities and vibrant culture and thriving Welsh language. It also is a clear example of a three-pronged approach which aims to shift agriculture towards the objective of combining economic, environmental and social performance turning environment into an asset.<sup>345</sup> Looking ahead, embracing agroecology could provide a strong focus to ensure sustainability as well as resilience to environmental pressures and climate change.

Payments should only be based on measures above the regulatory floor.

## **Question 6 of 20**

### ***From Chapter 5: Economic Resilience***

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?

The five proposed areas for support are all important and inter-related. To be effective they need to be complementary, so that any land management or supply chain business that is

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<sup>3</sup>Role of Agroecology in Sustainable Intensification – <https://www.nature.scot/professional-advice/land-and-sea-management/managing-land/farming-and-crofting/role-agroecology>

<sup>4</sup> Promotion of agroecological approaches: Lessons from other European countries - <https://www.nature.scot/promotion-agroecological-approaches-lessons-other-european-countries>

<sup>5</sup> Transitions to Agroecological Systems: Farmers' Experience - <https://www.nature.scot/transitions-agroecological-systems-farmers-experience>

eligible is able (and encouraged) to apply for support from a number of different options that support each other. For example, forestry businesses working with other land managers in a collaborative fashion to add infrastructure to a number of forests that are currently inaccessible or poorly serviced; or a group of farmers working together in the development of a network to share machinery.

These Economic Resilience grants could also support wider collaboration. For example, in the case of investment in infrastructure, this could also provide community benefit as well, if timber is kept off narrow, rural roads near communities. In this example, several of the five proposed areas may be appropriate; the infrastructure construction, effective risk management and training options to support the development of the scheme and planning and application of the work, such as effective road planning and managing water as part of road design. Therefore, consideration needs to be given to presenting a simple single access point to all schemes. This would overcome current issues that have been experienced in tackling water pollution from agriculture were the tools for undertaking the required works sits in several separate schemes (farm business grants, Glastir small grant, sustainable production).

The Economic Resilience scheme needs to support reduced emissions. These could be achieved through uptake of more energy efficient equipment or increased adoption of renewable energy. These approaches will reduce carbon as well as changes to systems of production particularly since the IPCC report recommends that changes need to be undertaken at pace.<sup>6</sup>

As stated in previous answers, it is essential that the two schemes are integrated and interlinked, and the five areas identified as part of the Economic Resilience scheme are inter-related. However, a prioritisation for funding and delivery could be:

- Effective risk management – especially for addressing climate change impacts, flooding & drought, pests & diseases, invasive non-native species, pollution prevention, reducing antibiotic, pesticide, herbicide and fertilizer use, that links to public benefits and Brand Wales. This could include measures to build capacity to deliver Public Goods such as reducing flooding risk, resilient habitats and ecosystems and water quality, in particular where investment is needed to support collaborative delivery.
- Diversification – this will assist with providing a buffer to land management businesses such as supporting renewable energy on farms or improving access for recreation. Many farms have already diversified into renewable energy but there is significant potential for more and this provides a very good buffer to future fluctuations in income. It is also essential that land management businesses continue to improve resource use efficiency to reduce input costs (water, power, consumables) and improve resilience. Any diversification project must be environmentally sustainable in the long-term and must provide public benefits. It could also support land managers to diversify into

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<sup>6</sup> Global Warming of 1.5°C. An IPCC special report on the impacts of global warming of 1.5 °C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty (2018). IPCC, Geneva. Published at <http://www.ipcc.ch/report/sr15/>

different areas, such as supporting woodland creation on farms, or recreation provision in commercial forests.

- Knowledge exchange, skills and innovation – these should focus on delivering activities in the Public Goods scheme, how to undertake risk management plans and diversification project advice. Training to develop woodland management skills/agroforestry is required to increase woodland planting rates and training on sustainable farm systems and embedding ecological process such as agroecology. In addition, guidance on available Economic Resilience and other Public Goods schemes that might become available in future. Alignment with other Government initiatives such as those focused on developing innovative approaches would also provide new perspectives on tackling the challenges in completely new ways<sup>7</sup>
- Increasing market potential – this should focus on developing local markets that benefit the wider local communities, increases employment opportunities to local communities, supports well-being goals and contributes to Brand Wales. This could be considered alongside other potential mechanisms such as tax incentives or procurement approaches that support products being processed and sold locally. This would encourage farms to sell produce locally and increase environmental performance and regulatory compliance. It would also encourage greater integration in the forestry and wood processing supply chain. A key additional measure in support of this approach is to ensure that procurement positively encourages local market resilience. For example, a focus on low carbon procurement would encourage greater use of timber in construction and would support Welsh processing businesses and encourage value-added manufacturing. This could also be applied to the food sector by promoting a local purchasing approach to reduce unnecessary food miles and tie into sustainable brand values. There needs to be a clear business link between the provision of food and fibre and knowledge transfer to the consumer, as this helps to ensure that land managers supporting delivery of public goods feel the benefit from doing so. To ensure that the delivery of public goods will be sustainable or affordable in the long-term, it is essential to support the supply chain to make this transition.

The market model of selling Welsh lamb as only a premium cut needs consideration, as this market is at significant risk through Brexit and hasn't worked to increase local consumption of lamb. An example of this could be selling lamb burgers or offer other lamb-based options to the consumer through well-known burger chains.

- Improving productivity – this should be re-phrased as sustainable productivity as it is currently misleading as noted in our answer to question 5. Funding should only be provided for schemes that are clearly linked to a public goods benefit, as well designed schemes can support both economic resilience and delivering public goods, maximising the benefit. Key support options include infrastructure investment in forests to improve access and 'unlock' currently uneconomic woodlands whilst providing wider benefits such as better water quality and recreation. It is also essential that measures include support for woodland management to encourage their active management; currently a large

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<sup>7</sup> <https://gov.wales/topics/science-and-technology/innovation/innovation-wales-strategy/?lang=en>

percentage of farm woodland in Wales is unmanaged. Improved integration in the forestry and wood processing supply chain could focus on adding value to locally grown and processed timber, making Welsh businesses more resilient and supporting carbon sequestration and substitution. This would also improve links to the emerging timber framed housing market that is a key approach in Wales' sustainable construction agenda.

### **Question 7 of 20**

#### ***From Chapter 5: Economic Resilience***

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?

1. Yes
2. No
3. Unsure

If YES, how should we look to do this?

Yes.

Through a comprehensive training and development aspect to Economic Resilience and Public Goods schemes and through continuing to support the development of skills, knowledge and professional standards of the land management sector. This would support more sustainable land management and more resilient rural businesses in Wales. It is also critical in stimulating the growth in provision of public goods and development of associated markets. For these schemes to be effective, it is essential that current and future land managers continue to develop and consolidate their skills and knowledge, and are supported with robust advice, guidance and training opportunities. A key aspect of this is encouraging cross sector collaboration to promote learning and innovation from wider land management practice, particularly in support of sustainable land management.

There is no information on how the schemes would work in practice or how the market-based Payment for Ecosystem Services (PES) will interface with the schemes. Ideally the schemes should be based on issues within SoNaRR and Area Statements that require catchment or landscape scale action to resolve.

It is essential that Welsh Government engages fully with educators, in particular the university and college sector, regulators, facilitation and advice providers and the private sector to develop a comprehensive approach to training, development, advice and guidance.

### **Question 8 of 20**

## **From Chapter 6: Public Goods**

We have set out our proposed parameters for the public goods scheme. Are they appropriate?

1. Yes
2. No
3. Unsure

Would you change anything?

1. Yes
2. No
3. Unsure

If YES, what?

### **Are the Proposed Parameters appropriate? Yes Would You change anything? Yes**

Although the ambitions set out in the consultation are commendable, it is necessary that further thought is given to the progressive management required to meet sustainable management of natural resources. The management of ecosystems, for habitat connectivity and species diversity will require a certain element of targeting, specificity and adaptation, to ensure metapopulations can appropriately respond to the process of land use change. This will be needed to ensure both the resilience of ecosystems and the services or public goods they can provide, now and in the future. This is particularly the case with land where land use change occurs, and other niche envelopes need to be created or modified to enable biodiversity to adapt.

Ideally the schemes should be embedded into the natural resource delivery framework and be based on issues identified within SoNaRR and Area Statements. Through this approach the change will require catchment or landscape scale action. We are currently working to identify where there are more spatially targeted opportunities to facilitate the Natural Resources Policy priorities. We think these could be valuable in informing land-management and land-use in Wales. In consultation with colleagues in Welsh Government, we have mapped:

- green infrastructure and opportunities for improvement to achieve a range of benefits;
- areas that contribute to natural flood risk management, and opportunities for their improvement to reduce risk;
- areas that are currently important for habitat connectivity, and optimal areas to improve habitat connectivity;
- opportunities for improving water quality; and
- woodland planting opportunities to meet the Welsh Government's target for expanding woodland planting that maximise a range of ecosystem services; (e.g. recreation, carbon storage, flood regulation, drought resilience)

We are also currently working with colleagues in Welsh Government on how these spatial priorities could be managed through the planning system. This includes through the National Development Framework (NDF) which reflects the Welsh Government's

infrastructure priorities. These include green infrastructure priorities to improve the resilience of ecosystems as well as grey infrastructure and provide a framework for their strategic location and development. However, the effective delivery of certain forms of infrastructure, for example strategic green infrastructure which deliver nature-based solutions to environmental risks, may be better delivered through the Welsh Government's Land Management Programme. Given the synergies between the National Development Framework (and wider town and country planning system) and the Land management programme in contributing towards the delivery of the Natural Resources policy, it will be important for these frameworks are developed in tandem to ensure they are complementary and consistent.

There is no information on how the schemes would work in practice or how they would interface with private sector investment. In terms of market-based Payments for Ecosystem Services (PES) – these could be made available on a PES platform with all the government funded public goods.

Consideration could be given to operating the scheme on a similar basis to the carbon emissions trading scheme so that allowances for emissions to air (carbon, greenhouse gases), soil (nutrients/metals/ waste to land companies), water (Water Companies, water permit holders like creameries), water quantity (flood risk management measures required by LAs or NRW) targets to increase biodiversity/habitat areas can be traded by all Land Managers within Wales. This could include public bodies like NRW and Local Authorities, allowing Public Goods schemes to be supported by additional funding from the private sector.

There is merit in assessing whether it is appropriate for all public goods to be delivered to the same level by the same mechanism. A universal regulatory floor that underpins the Public Goods scheme will act as the minimum standard applied to all land managers and will achieve basic delivery of a certain level of the public goods. Then there is best practice (for example, UK Forestry Standard guidelines for forest management) above this standard that may not receive any payments for outcomes but may unlock market access or be part of a certification standard such as the UK Woodland Assurance Scheme. The highest level of standards are those where Welsh Government might choose to apply a funding regime to achieve high value for public money in return for high value public goods.

All public goods considered in the consultation appear to be delivered by the same mechanism; there is merit in assessing whether this is appropriate.

Payments should support and embed SMNR principles and be for activities that aim to achieve multiple outcomes. For example, paying for woodland creation for carbon sequestration, with further payments where these woodlands have wider benefits for access & recreation, biodiversity, water quality, flood and drought mitigation, soil management, as a form of top-up payment at a lower rate for additional public goods. Therefore, a well-designed scheme could encourage land managers to target their woodland where it achieves the highest benefits. For example, as riparian woodland that reduces flood and drought risk and stabilises soil whilst also acting as connectivity for

other existing woodlands rather than for a single benefit. This would provide additional public goods for a significantly reduced rate whilst still appealing to landowners who can gain additional payments by having well designed, well sited schemes.

The two criteria needed to satisfy additionality need to be considered further. For example, if a steep sided valley was identified as being a factor in sediment transfer and an appropriate solution was natural regeneration, would excluding livestock be considered to be appropriate management?

### **Question 9 of 20**

#### ***From Chapter 6: Public Goods***

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?

The development of agri-environment schemes in the 1980s to offset the impact of the then production linked Common Agricultural Policy has resulted in a perception in some areas. This perception is that delivering for the environment and providing public goods is a side-line to a land-based industry. Brexit and Our Land provides us with an opportunity to change this view. Unproductive land from an agricultural and forestry cropping perspective can produce things that society wants and are willing to pay for and thereby still remain a valuable asset to the land manager.

Protection and enhancement of natural resources such as soil, air, water and landscape which are vital to underpin land-based industry needs to be brought to the forefront. It is also important that the schemes are not presented as just about providing income streams when Basic Payment Schemes ends. They should be presented as an opportunity for land managers to diversify and add resilience to their businesses and to help manage and create the countryside that Wales needs and wants. This will help to bring land management and the needs of rural communities closer together and help to develop a better understanding of the Sustainable Management of Natural Resources.

Moving the policy mind-set to 'farming' or 'managing' sustainable natural resources will work with the current production orientated nature of farming and forestry sectors rather than trying to change it. This will allow the optimisation of profit from the land-based sector within the capacity and full potential of its natural resources (similar to agroecology principles).

For the schemes to be successful it is essential that advice and guidance, training and support are available as an integral part of the scheme. These will support land managers to enable the schemes to deliver Welsh Government policy effectively. These should also be in place and widely available before the scheme is launched to encourage uptake.



The level of payment (currently based on income foregone) is well recognised as being a key constraint to the buy-in to existing public goods schemes.<sup>8</sup> In order for the new scheme to become attractive to a wide range of land managers, the old formula of income foregone must be replaced by a formula that recognises that new goods and services require a different funding stream. World Trade Organisation (WTO) Green Box rules should permit such funding, as while payments are made to land managers, some of whom are farmers, it seeks not to support agricultural production, rather stimulate production of non-market goods and services. By focussing on markets distinct from agricultural products, or public goods where no markets exist, there is little danger of unfairly distorting agricultural markets which is the primary concern of the WTO rules. This case needs to be made clearly by Welsh Government during the trade negotiations surrounding Brexit.

Although these aspirations have good intentions it is going to be difficult to move away from establishing payments without using information gained from income forgone and costs (even in reverse auctions this is used to establish the value of the price region). Establishing the key worth of a public good will need to include a cost component as well as a component for the value of society. The development of this type of model will enable relative and compound values to be calculated. It is therefore essential that trials and pilots are a key part of transition to address evidence gaps and develop the scheme.

How payments are made for activities where the benefit takes a long time to established need to be considered. The impact of change to the land-based businesses will be in the initial few years and, if this is associated with low levels of payment in the short-term, it could be difficult to achieve buy in. Overcoming this could be made relatively simple by totalling the delivery over the lifetime of the contract and annualising the payments for the whole delivery. It is possible to build in head room as is the case for nutrient trading so over payment and non-delivery can be accounted for. This would be a significant step forward in addressing concerns of land managers in undertaking longer-term activities such as woodland creation. Here the initial costs are high but returns from management are not possible for a significant period. A 15-20 carbon sequestration payment scheme might annualise the carbon payment meaning the land manager has an income until the point where management of the crop, in this case woodland, will provide a return. This approach has the added benefit of securing woodland creation beyond the point where the Forestry Act protects against woodland removal. This limits the cost of carbon sequestration payments to the tax payer to the period required to fully establish the woodland. Equally importantly, it encourages the land manager to undertake active management of their woodland if they wish to maintain an income.

Consideration needs to be given in relation to more resources to work with land-based business in developing mutually beneficial agreements. This includes putting the right measures in the right place and to increase multiple benefits and to ensure the principles of SMNR are implemented.

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<sup>8</sup> Wales Rural Observatory report

<http://www.walesruralobservatory.org.uk/sites/default/files/An%20Analysis%20of%20the%20Socio-Economic%20Impact%20of%20CAP%20Reforms%20on%20Rural%20Wales%20Phase%206%20Report%202013.pdf>

Moving to an outcome-based scheme could help to reduce the perception of schemes being inflexible without compromising on the outcomes achieved. However, improving flexibility may result in increasing the complexity which could also deter land-based businesses from engaging with the scheme if not managed.

There is potential to enhance options and payments to increase uptake in relation to area objectives as well as being available throughout Wales. Enhanced payments should also be given to measures that increase ecosystem resilience e.g. diversity of woodland species or to measures that introduce wetlands into agricultural production systems. The public goods scheme should deliver payments for ongoing management of any public goods delivery and have a development loop built in to enable identification and subsequent delivery of unevidenced public goods.

It is also important to recognise that some public goods may be deliverable by a range of land owners. For example, it may be possible to deliver air quality or water quality outcomes at the source of the issue or on land managed by neighbouring land managers. Therefore, there is potential for collaborative action, such as air quality improvements around chicken farms being undertaken by neighbouring land managers planting hedges in adjacent fields.

NRW has the expertise to advise on SMNR and the public goods scheme provided the additional capacity needed to deliver this service is created.

## Question 10 of 20

### ***From Chapter 6: Public Goods***

Are there any other Public Goods which you think should be supported?

1. Yes
2. No
3. Unsure

If YES, why?

Yes.

However, NRW supports the approach and public goods defined by Welsh Government in the consultation.

Consideration should be given to whether the public goods listed in the consultation contribute to the Well-being and SMNR indicators as well as delivering against strategic and local plans (statutory and non-statutory) such as Nature Recovery Plan, Vital nature, shore-line management plans and site management statements.

There are already markets for some of the public goods identified, for example, water quality and carbon sequestration through schemes such as the Woodland Carbon Code and Peatland Code. The proposed Public Goods scheme should complement these

existing approaches and build on experience and evidence from them as this will support better integration between approaches and increased value for money.

It would be worthwhile focussing on an initial tranche of public goods that are clearly achievable and start development against those, with trials and pilots through the transition period to learn and evaluate with these core public goods. This needs to be linked to NRP priorities. The next stage would then be to concentrate on the more difficult to achieve public goods and those that are spatially targeted and therefore subject to changing priorities. These can be added and adapted as required further on into the scheme. This would allow Welsh Government, land managers and delivery partners to develop experience and understanding and work in an adaptive and iterative manner.

For several public goods, such as water quality, delivery at a landscape scale is essential. The proposed schemes should support and incentivise landscape-scale outcomes and promote collaboration between land managers. A payment-for-outcomes pilot scheme in Wensleydale is currently trialling a method of paying bonuses for adjacent farms entering the scheme, as an additional incentive to create landscape scale delivery.

Additional potential public goods include:

### **Enhancing landscape quality, character and distinctiveness**

Landscapes are the culmination of both natural and human influences on our natural resources and ecosystems. Welsh landscapes reflect the extent and condition of a range of natural resources and ecosystems against the complexity of human influences and land use decisions.

The extent of high quality landscape in Wales delivers significant benefits. 25% of our country is designated as National Park or Area Of Outstanding Natural Beauty, and in total over 50% of the landscape is of national quality for its scenic quality and character. The three Welsh National Parks attract 12 million visitors per year with spending of £1 billion on goods and services. Communities are 2.6 times more likely to report health problems in the lowest quality landscapes than in the areas of outstanding and high visual quality. Over 40,700 people are employed in the historic environment sector which contributes £1.8 billion in output, almost twice the size of the agricultural sector.

Change in landscape is inevitable and post Brexit land use could be the beginning of a very significant new era for Welsh communities and landscape. Planning to ensure that the distinctiveness of our places and historic landscapes are protected and enhanced into the future is desirable. Many cumulative changes, even at small scale, can have great impacts across a landscape. Changes to the scheme outlined, as well as appropriate guidance and training for the scheme advisers, will be critical.

The inclusion of landscape as a public good would also demonstrate the joining-up of SMNR and Well-being objectives because people relate to landscapes as places to live, work and enjoy and as areas which contribute to a sense of place, identity, well-being and quality of life as well as delivering multiple benefits.

NRW can provide detailed advice to develop this aspect further if required, drawing upon quality assured LANDMAP data and our internal expertise.

There is potential to include landscape as a factor in a number of the proposed public goods and treat it as an overarching benefit. This approach could be applied to all public goods funding, to ensure that where possible multiple outcomes are considered to ensure best value for money and the most benefit from funded activities. For example, if a new woodland is planted in an optimum location it could increase soil water retention, reduce pollution in water courses downslope, increase carbon sequestration, provide habitat for species, provide greenspace for recreation and improve the visual landscape. A Public Goods scheme might primarily pay for carbon sequestration, with potential for a top-up element for further public goods provided but gain much greater benefit by ensuring that the scheme is well-sited and well-designed.

### **Sustainable coastal management and adaptation**

Approximately 60% (1.9 million) of the population of Wales live on, or near to, the coast. 75% of the coast line is designated for environmental importance. There are clear pathways between the terrestrial and freshwater environment and the marine and coastal environment in terms of diffuse pollution, transfer of pathogens, eutrophication, and sediment inputs. There are opportunities through land management measures to improve the status of transitional and coastal water bodies and therefore benefit the marine environment as a whole. Climate change (sea-level rise and potential for increased storminess) will threaten existing management of low-lying coastal land. Shoreline Management Plans identify the most sustainable coastal management policies for the next 100 years and apply 'hold the line' policies in locations where there may be justification for public investment in defences in the future. Therefore, in future, it is likely that the use of land at the coast may change, especially for low-lying areas adjacent to the coast or areas that may have previously been reclaimed from the sea. This can happen as a result of defences no longer being viable or more actively as a result of managed realignment.

These changes in the line of defence, or position of high water mark will provide a more sustainable coastline in terms of being able to withstand the increasing pressures of climate change. This is potentially quite a significant issue that is difficult to address, as it may require a wholesale change in practice within a farm business and not just change in use of a few fields.

Conversion of low-lying or previously reclaimed land to saltmarsh/intertidal habitats is a key opportunity, as these habitats can provide a range of ecosystem services; e.g. they can help to maintain the extent and condition of these habitats in their own right and in some locations, this has enabled the development of a premium Welsh product (Saltmarsh Lamb).

### **Additional thoughts in relation to the public goods already under consideration**

#### **Decarbonisation and climate change adaptation**

It is essential that this consultation is linked to the ‘Achieving our low-carbon pathway to 2030’ consultation, as without clear integration between regulations, policy, incentives and the different land use businesses the aims set out in that consultation are unlikely to be successful. In particular, the various drivers for carbon sequestration and woodland creation need a joined-up approach to incentives, regulation, policy, advice and guidance.

Along with deep peats consideration also needs to be given to the role of mineral and organo-mineral soils in mitigating climate change. Pilot projects linked to existing Payment for Ecosystem Services initiatives could demonstrate to private land owners/managers the economic viability of restoring semi-natural peatland habitats in highly modified contexts such as deep-drained improved lowland grassland.

### **Resilient habitats and ecosystems**

Diversity is a critical attribute underpinning resilience. Benefits of resilient habitats and ecosystems also include intrinsic value of unique species and habitats. As Section 4 (f) of Environment (Wales) Act (2016) states we need to “take account of the benefits and intrinsic value of natural resources and ecosystems”. This can lead to all sorts of circular arguments about ecosystem resilience and safeguarding of key species that don’t fit the mould. Therefore, full representation of habitats and structural diversity (in appropriate balance) across the landscape will be important for overall ecosystem resilience. However, in a context of changing agricultural and forestry systems it may be necessary to consider compensatory habitat creation which is not linked to connectivity of habitats and ecosystems, so mitigation is in place for when ‘*holding the line*’ is not an option.

A further consideration is considering diversity across the landscape – different places might need different responses. Trying to maximise the resilience of everything everywhere may not be necessary. It is acceptable to include “un-resilient” or degraded ecosystems as part of the mix as well as hot spots that deliver a range of services and benefits.<sup>910</sup>

### **Reducing flood risk**

Reducing flood risk is only one aspect of water resources management. Consideration of positive actions to increase baseflows during dry periods is important, particularly reflecting on the impact of the dry weather this summer and the increased probability of future droughts. Work on maximising the benefits of keeping water in the environment rather than our tendency to promote schemes for its rapid removal should be at the forefront of future schemes in both rural as well as urban settings.

### **Soil conservation**

Soils are the one factor that integrates all of the main elements that influence landscape, climate, geology, topography and land-use, along with vegetation. All determine the type of soil in any given place and the inter- relationships are complicated and dynamic. Soil

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<sup>9</sup> Benefits of SSSIs.

<http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=1&ProjectID=17005>

<sup>10</sup> Special sites and resilient ecosystems, RSPB

conservation needs to consider the full range of ecosystem services that soils support such as biodiversity, habitats, nutrient cycling, water flow and quality regulation, recycling of organic waste materials to land. Organo-mineral soils need to be considered alongside mineral topsoils.

Traditionally soil roles are emphasised in terms of agriculture and forestry. It may be more useful in the context of SMNR, including Area Statements, to look at the challenges and opportunities around soils management. This includes their relationship to landscape and ecology/ecosystems, across all land uses. For example, we can't consider the management of an area of deep peat soil in isolation from the surrounding semi-organic /peaty and mineral soils. In terms of soil management or conservation as applied to issues such as soil erosion or mapping the capability of land through Agricultural Land Classification (ALC).

### **Heritage and recreation**

We welcome the inclusion of heritage and recreation as a public good in the parameters of the scheme but suggest that the full scope of what can be delivered is beyond recreation alone. It should instead be a focused around public access. Provision of public access for recreation and travel needs to be considered further in order to maximise the benefits and deliver across a range of wider outcomes sought in Wales.

The economic value of public access for recreation has been demonstrated, as have the health benefits. In addition, there is an opportunity to consider public access to enable travel for both recreation/tourism and to enable people living in more rural areas to participate in active travel for utilitarian purposes. There is scope to explore provision of routes for recreation and travel in semi-urban and more rural areas e.g. facilitating access between villages and schools. This links to outcomes around air quality and reducing carbon emissions as well as potential benefits to mitigate against congestion in more rural areas subject to high tourism levels.

Consideration should be given to the potential outcomes for access (for recreation and travel) which could be based on an increase in use of routes by the public; e.g. *more people participating in and benefitting from outdoor recreation and active travel on a regular basis.*

Since landowners should meet their legal requirements, we suggest that this should not be the baseline for the new scheme. To provide some additionality as sought in the consultation, consideration could be given to payments linked to enhancing and improving existing access as part of the scheme. This would meet public need and make access available to a wider range of users of a range of abilities. Since this relates to existing access it should be mandatory rather than a potential option under the new scheme.

We suggest that meeting the public needs and barriers identified in the [National Survey for Wales 2016-17 Key Facts for Policy and Practice: Outdoor Recreation](#) is important and incorporating any additional evidence derived from local plans (including Area Statements,

Wellbeing Plans and Rights of Way Improvement Plans). Standards for such improvements should be based around least restrictive access policies.

The following principles should be incorporated when designing optional new access under the scheme:

- New access should be based on evidence and public need (e.g. as evidenced by local authority Rights of Way Improvement Plan assessments, National Survey for Wales results)
- Development of new access should involve the right people. It is essential that there is collaboration with Local Authority and National Park rights of way departments working with other relevant stakeholders (e.g. Local Access Forums, user groups)
- New access should be well publicised with sufficient information and signage, to avoid the situation where access is provided and then not used due to lack of awareness. Feedback from stakeholders is that this has been a weakness in previous schemes.
- Should meet appropriate standards (see above).
- Noting that agreements under the schemes will be multi-year, the longevity of new access should be considered as well as the need to cover costs for appropriate maintenance in the long term, routes that become overgrown or fall into disrepair will not attract users. It is also essential to ensure long-term benefit and use.
- The outcome should be based on use of the routes rather than just initial provision or improvement of routes.

## **Question 11 of 20**

### ***From Chapter 6: Public Goods***

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?

Often natural systems work on time-scales of hundreds of years. Long-term agreements are more likely to deliver the continuity of management required to deliver changes to ecosystems. However, long agreements may be unpopular with landowners. Therefore, being able to offer a range of contract lengths may be an advantage.

There are a number of benefits of taking a longer-term approach, it allows Welsh Government to spread the payments over the period that is likely to have the highest costs and limited returns for the land manager. This removes a disincentive for land managers to invest where previously there would have been a significant gap between grant payments and potential first returns. There is likely to be a balance point between having the right length contract to spread payments and incentivise uptake and conversely making them too long. This may result in additional costs to Welsh Government if, for example, the payment rate is based on carbon sequestration per hectare. It may also make it more

difficult to administer or be undesirable to applicants due to the excessive length of contracts. Some examples of existing approaches are the Woodland Carbon Code and Peatland Code. Optimal length contracts will be a compromise between the above points. For example, a 15-20 year carbon sequestration payment scheme might annualise the carbon payment meaning the land manager has an income until the point where management of the crop, in this case woodland, will provide a return. This approach has the added benefit of securing woodland creation beyond the point where the Forestry Act protects against woodland removal, limiting the cost of carbon sequestration payments to the tax payer to the period required to fully establish the woodland. Equally importantly it encourages the land manager to undertake active management of their woodland if they wish to maintain an income.

Agreements which are long-term and binding on the land area need to work in such a way so that if the land is sold the management of the agreement payments automatically pass to the next owner. It may be worth looking at lessons that could be learned from other types of long term agreements such as Feed in Tariffs. The Law Commission consulted on the concept of developing 'Conservation Covenants' as a specific legal tool to facilitate transfer of deeds involving long term conservation commitments.

One of the disadvantages in the past of long-term agreements is that they do not facilitate adaptive management, unless well designed. However, this may be less of an issue with outcome-based schemes than those which have management by prescription.

As well as contract length, the addition of appropriate review periods and break clauses should also be considered. This would allow for substantial change in circumstances and remove a potential disincentive to potential applicants who may view some long-term activities as too risky. It is also important that for long-term schemes the funding and the obligation to undertake and maintain the activity is suitably secure. There are a number of approaches such as covenants on the land that are passed on with change of ownership, along with any financial benefits. An example of an approach from previous schemes in the UK is the dedication scheme used in woodland grant schemes. These would need to be proportionate but robust, with a clear approach to enforcing the covenant. Any payments for permissive access would need to be carefully considered as previous schemes have resulted in sudden loss of access after final payments, therefore longer-term agreements would be more desirable.

Although the aspiration is to be able to undertake long term agreements it may be necessary in some areas to consider using a mix of long and short-term agreements to build confidence in the new scheme and support uptake. However, short-term agreements may be higher risk in terms of securing the delivery of public goods beyond the contract, so may attract lower annualised payments to account for the reduced outcome.



## **Question 12 of 20**

### ***From Chapter 6: Public Goods***

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?

For several public goods, such as water quality, delivery at a landscape scale is essential. The proposed schemes should support and incentivise delivery of outcomes at the appropriate scale and promote collaboration between land managers. A payment-for-outcomes pilot scheme in Wensleydale is currently trialling a method of paying bonuses for adjacent farms entering the scheme, as an additional incentive to create landscape scale delivery.

It is important to strike an appropriate balance between having enough collaboration to make schemes viable but allowing more progressive land managers to begin an activity with the potential for others to join later in delivery. For example, in a catchment where water quality is an issue, it may be acceptable to not have all land managers involved initially; however, it is likely that there is also a minimum viable number. This principle has been used successfully in Wales in relation to the delivery of agreements on Common Land<sup>11</sup>. The level of participation was set so that outcomes are achieved even if others do not subsequently engage.

A key aspect of collaboration is knowledge exchange, learning and development and facilitation. Being able to access appropriate advice and guidance would make schemes more accessible. There are several delivery models that have already been used to facilitate collaborative uptake. Learning the lessons from all of these is vital in moving forward. These include trusted facilitators (agri-sgop), technical expert facilitators (LIFE), independent facilitators (Sustainable Management Scheme and Common Development Officers), as well as bringing together land based industries with the same issues (Farm Clusters and management groups – eg Dartmoor Farming Futures, Pontbren Farmers).

One key aspect of all these is the ability to fund the facilitation period in one way or another. In England the countryside stewardship facilitation fund provides funding for individuals or organisations (e.g. a farmer or NGO) to bring farmers, foresters and other land managers together to work cooperatively for environmental improvements at the landscape scale, within a defined area. Evaluation of this fund is currently underway.

The scheme could also be built to encourage land managers who currently can't access RDP funds, such as local authorities or other public sector bodies, to be able to work collaboratively with other land managers. There are large land holdings managed in the public sector that are adjacent to private sector land management and thereby offer the potential for collaborative working. One example would be collaborative infrastructure projects involving multiple land holdings to 'unlock' inaccessible woodland and keep timber

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<sup>11</sup> Common Development Officers <http://www.ccri.ac.uk/glastir/>

lorries off small rural roads near communities or provision of an access network to meet a local Well-being goal. Another example of potential collaboration between private and public sector is with the potential for collaborative funding of public goods outcomes, such as ensuring that PES schemes if developed can be integrated in their delivery of public goods outcomes.

### **Question 13 of 20**

#### ***From Chapter 6: Public Goods***

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?

It is essential that any system to prioritise public goods spatially is able to properly take account of trade-offs and synergies. The scheme should apply the principles of SMNR based on evidence and policy. For example, it may not have to be a choice between tree planting or biodiversity if designed well in the example given in the question. It could be appropriate to have a mixed approach with tree planting mostly on drier soil, open habitat in wetter areas and wet woodland in the transitional areas, meaning multiple benefits and increased biodiversity on a site that may previously have been treated as only viable for one or the other.

Scheme proposals should take account of national and local policy and priorities. SoNaRR and Area Statements may inform the prioritisation, along with comprehensive advice and guidance from site-based assessments. A key tool in effective spatial prioritisation is a robust and comprehensive spatial data platform that is a repository for up to date datasets that are complete and publicly accessible. The spatial data platform and decision support tools should be a key foundation of these new schemes bringing together all the work and knowledge currently undertaken/held in the area and would be a key tool for policy makers and regulators as well as scheme users.

Methods are available for the mapping of ecosystem services to show where a range of ecosystem services are currently being provided and where there are opportunities for enhancement. An example is the SCCAN project work undertaken for the Area Statements and National Development Framework. Work is also proceeding, in NRW and at Exeter University, to add natural capital accounting figures to give further evidence on the value of ecosystem services being mapped. For example, in flood risk assessment, to identify priority areas for provision of public goods schemes.

However, it is important to note that spatial data can be used to support decisions but should not be relied on isolation. It is important to use site-based data and local and expert knowledge to make holistic decisions.

Current tools already defined, such as Glastir Advanced Targeting maps, and Woodland Opportunities maps, combine opportunities, constraints and information. They are a scoring mechanism which enables an entry pathway to an oversubscribed grant scheme. These have been decision support tools for a specific purpose and are not a decision-making tool or a general information tool. Therefore, if these are to be used to support wider public goods scheme they need to be redesigned and improved. As stated earlier in this consultation response there needs to be a development loop built in to enable identification and subsequent delivery of unevidenced public goods that are identified as part of the delivery process.

Spatial data tools and decision support tools need to recognise the trade-offs implicit in land-use change and the significance in any decision of the relative benefits (in particular carbon) and 'disbenefits' of any proposal in order to support a balanced decision and be framed within the Well-being goals for Wales.

We envisage that Area Statements (which embed Well-being plans) could provide a key means of spatial prioritisation of interventions required for this new system (area statements and public goods/economic resilience schemes operating in synergy), and NRW have a key role in assisting their development for this purpose.

## **Question 14 of 20**

### ***From Chapter 6: Public Goods***

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?

Natural Resources Wales is well placed to undertake the role of advice and guidance to land managers in relation to public good provision, given additional resources and capacity. It is important that this advisory and training provision is designed to be comprehensive and to integrate regulation, incentives, best practice and economic resilience.

Staff could undertake site visits to give on the ground advice, which would allow them to give comprehensive support, beyond just available incentives or regulation and enforcement alone. This will allow land managers to make informed decisions about what is best for them and the land that they manage, taking full account of Sustainable Management of Natural Resources (SMNR). To be successful it needs to embed public goods into the land-use business.

It is important that we work with all land managers, not just individual sectors, to achieve the best outcome for Wales. Some current advice services are restricted to individual sectors and are limited by this as it is more difficult to adapt to change and realise synergies, particularly with public goods delivery, if focussed only on one sector, or set-up in a way that is only suited to one sector.

While a scheme explicitly addressing public goods is novel, existing agri-environment schemes and the staff they employ (in WG and NRW) are a valuable body of expertise that should be brought to bear on the new schemes. Glastir, and Tir Gofal before it, has focussed on procurement of a range of prescriptions that are to a greater or lesser degree associated with public goods provision. Extensive training for both project officers and land managers will be essential to develop and embed economic resilience, agroecology, agroforestry woodland management and sustainable management.

The PES sector in Wales should not be overlooked as a source of best practice, advice and guidance in Wales, for existing initiatives to provision goods and services such as carbon sequestration and clean water already happens. Payment schemes for some of these goods and services are already in operation. Welsh Government's Sustainable Management Scheme can provide detail on a number of initiatives that are exploring these emerging markets. NRW has also developed comprehensive internal guidance related to PES that may be helpful in the next stage of the public goods scheme design.

If 'Brexiteer and our land' is going to achieve the step change required in Wales to deliver Well-being, it is necessary that the development of training packages and upskilling of delivery staff is undertaken before the schemes are launched. As stated in the response to question 3, the success of schemes is directly related to the engagement before the scheme is launched.

## **Question 15 of 20**

### ***From Chapter 6: Public Goods***

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?

Integrating funding streams from public and private sectors in the provisioning of public goods offers a number of key advantages. This is a significant opportunity and should be considered from the outset of scheme design. This could create greater resilience to changing economic conditions due to reduced reliance of outcomes on any one (public or private) source of funding for long-term investment. The fragmented nature of the present market in environmental goods and services has been often highlighted, NRW has been working on the principle of a Green Marketplace and is happy to work with Welsh Government and the wider land management sector in further developing this, to enable this approach to come to fruition.

Currently, activity is often limited to small spatial or sectoral domains, while many of the elements of a successful approach (e.g. mechanisms for validation, verification, registry, contractual services) are developed independently by each. A comprehensive public goods scheme could act as the keystone to aggregate a large number of suppliers (land managers) and facilitate relationships between buyers and investors. This could be underpinned by the high environmental standards required for access to the Public Goods scheme. However, it needs to be nurtured and developed over time, so it is important that the new scheme allows space for this to happen but doesn't rely on a fully formed PES market from the outset.

An integrated and national approach could reduce costs and act as a more holistic platform for investment and support for nascent PES markets. It may also encourage investment at different scales that are currently not well catered for. For example, significant investment at a national scale by a pension fund and local investment by small charities, in the same overarching scheme.

There is a perception that regulation, lack of a universal regulatory floor, as well as uncertainty about process, can be a significant barrier. This could be mitigated by better integrating the decision-making process for incentive schemes, regulation and policy. For example, the perception that regulation makes investment in forestry via new woodland creation a high-risk option due to lack of certainty about approval. Another factor is the perception that land-use change is undesirable. It is important to be able to properly consider and value trade-offs and synergies. We need to be open-minded about positive land use change, if we are to meet the ambitious Welsh Government targets for woodland creation, which are an essential foundation of the decarbonisation strategy in Wales. One approach proposed is to have areas of Wales identified where woodland creation is high priority and therefore more likely to be approved.

## **Question 16 of 20**

### ***From Chapter 8: Transition, delivery and legislation***

What are your comments on the phased transition period and our ambition to complete the changes by 2025?

We welcome the fact that Welsh Government are proposing a transition period. However, any transition from the current schemes to a new approach is likely to be complex. The consultation document includes insufficient detail to enable a full evidence-based answer at this stage. It is therefore important that the transition includes well designed trials and pilots. It also requires sufficient time to allow for significant evidence, skills and knowledge gaps to be addressed. This will also allow the new schemes to be better integrated into other existing frameworks and the regulatory environment in Wales.

In paragraph 8.11 of the consultation it says “...*there is a case for focusing funding on the Economic Resilience scheme in the early years to support land managers to respond to the post Brexit environment*”. If the Economic Resilience scheme is prioritised in this way, then potentially the only land managers being paid for the delivery of Public Goods during transition will be those that already have an existing RDP contract. Those that don't have an opportunity to enter a Public Goods scheme will presumably have to prioritise returns from the market, Economic Resilience scheme payments, diversification or off-farm working. Having developed a new business model and operated it for a number of years, such land managers are likely to be less willing, or able, to change course when a new Public Goods scheme then comes on stream. It is essential that both aspects of the new support proposals are developed at the same time and adequately funded, as if not well balanced it has the potential to significantly undermine the delivery of the Sustainable Management of Natural Resources.

In terms of the transition period, a phased approach is essential. There is significant benefit in considering overlaps of the existing and proposed schemes to encourage a more gradual transition to new payment schemes for land managers. This would allow progressive land managers, and those more able to adapt management practices, to enter into new schemes at an earlier point. This will reduce the burden on administration of issuing new contracts and agreements. It would also allow those land managers who are less able to adapt quickly to have a longer transition period. This would give them more time to adapt and allow for advice and guidance provision to develop to support them more fully. This could be supported by an overlap of current funding so, for example, Basic Payment Scheme might be paid for a period on land entered into Public Goods schemes. Therefore, activities such as woodland creation could be undertaken with lower risk to the land owner. This would act as a positive incentive to enter into Public Goods agreements at an early date, particularly if overlap was limited to a shorter time period. This is important, as the sooner the Basic Payment Scheme is phased out the more likely land managers will consider diversifying away from uneconomic activities that are currently only viable due to the Basic Payments Scheme.

However, it is also important that the transition period is sufficiently long to allow for evidence gaps to be addressed through pilots and trials, for administration capacity to be built up, staff to be trained, for advice and guidance capacity to be developed, and to support land managers to adapt. It is also important to consider where current activities have a positive impact on habitat, ecosystem and species management, in particular on protected sites, and consider how this can be accommodated in the new schemes without abrupt change. In some cases, a more gradual transition may be required, or supplementary funding sought from elsewhere to support further specific management. In some locations it may also be important to maintain grazing, for example, where elsewhere it may not be viable.

Thought also needs to be given in relation to the interaction of current and future schemes. Although guarantees have been given in relation to funding current agreements. It is possible that significant management that underpins delivery of statutory sites may be at risk since most of the current Glastir Agreement were signed in 2015 and will be in place next year; but run out shortly afterwards.

## **Question 17 of 20**

### ***From Chapter 8: Transition, delivery and legislation***

What is the most appropriate way to phase out the Basic Payment Scheme to start implementation of the new schemes?

At this uncertain time in relation to trade environments, it is likely that there will be more inertia in land management businesses and a reluctance to expose their businesses to new risks. Therefore, the main challenges are not only to provide support in the best way at the right time without disrupting the flow of funds to land managers (paragraph 8.6) but to also stimulate the adaptation required from business in the direction of the ambitions set out in the consultation document.

The key objective is to ensure the budget transfer aligns with the spending profiles of the new schemes and that the land management businesses directly affected have a clear outline of the impact on them and the timescale that applies.

It is clear from the information provided in our answer to question 3 that success of Brexit and Our Land could potentially be dependent on the advisory and engagement offer being available before scheme launch. Other considerations are Welsh Government's aspirations in relation to launching the schemes (soft roll out/slow transition or public launch/fast transition); resources to deliver the new schemes and contracts; and the level of stimulation required for businesses to engage.

An approach would be to take an evidence-based method to the phasing process. This could see the transferring the budgets in parallel with the design and roll-out of new schemes rather than an application of a set of reductions and caps per year. This could then incorporate the factors outlined above and include different procedures (e.g. capping levels, % changes and thresholds) to maximise the delivery against the outcomes

identified (e.g. engagement, market stabilisation and uptake). It would also move away from the current legislative approaches that have been prescribed in the past.

### **Question 18 of 20**

#### ***From Chapter 8: Transition, delivery and legislation***

How can we simplify the current administration and delivery of the Basic Payment Scheme during the phased transition period?

The five principles for reform introduce the concept of “something for something” or an additional “contributory principle”. Bearing this in mind, it would be counter-productive to use the transition period to reduce the level of environmental conditionality attached to the Basic Payment Scheme. In particular, the potential to delink payments from any form of environmental conditionality (Greening and Cross Compliance) undermines the contributory principle and reduces the public accountability of making such payments. It could also then prove much more difficult to reintroduce aspects of environmental conditionality which Wales may wish to see become part of the universal regulatory floor.

Therefore, an evidence led approach that fully takes account of the impact of delinking payments is essential. This is important particularly at a time when there are significant drivers for change and, as a result greater risk, due to Brexit. Whilst this approach may mean that some farmers see the conditions as being too onerous to justify them claiming the payment, the maintenance of environmental conditionality during the later stages of the transition is essential.

Simplifying current administration to facilitate transition to the new schemes needs also to be considered. For example, continuing to pay Basic Payment Scheme transitional rates on land that changes use due to entry into Brexit and Our Land schemes alongside any payments they may receive would remove the perceived disincentive for land use change.

Land use change, that is well-evidenced and takes account of trade-offs and synergies, is an essential aspect of meeting Welsh Government policy on decarbonisation and woodland creation and to achieve Sustainable Management of Natural Resources.

### **Question 19 of 20**

#### **Welsh Language standards**

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?



There is an argument that the Basic Payment Scheme and its predecessors have helped to keep more people on the land, and this is one reason why the percentage of Welsh speakers is so much higher amongst the farming community than amongst the general population in almost every part of Wales. Despite this, the system of direct payments has only helped to slow the rate of change in rural communities rather than halting it. The first principle of the reform package is that we must keep farmers, foresters and other land managers on the land. The application of this principle will, in itself, contribute to the maintenance of Welsh speaking communities, provided that both elements of the new support system (Economic Resilience and Public Goods) are implemented in tandem. A key aspect of this is that language and culture are maintained and enhanced by a resilient rural community, as well as land owners and land managers.

### **Question 20 of 20**

Do you wish to make any further comments?

#### **Brexit and our Land and Statutory Frameworks**

The consultation document does not explore the helpful linkages between the ambition of the new schemes and the statutory framework put in place by the Environment (Wales) Act 2016. Specifically, the Natural Resources Policy, the Area Statements and SoNaRR, are designed to operate in a close feedback loop that enable environmental policy in Wales to respond adaptively to new and emerging drivers, as well as tune the enhanced delivery of environmental outcomes over successive years. Ensuring that the schemes outlined in this consultation are integrated into this delivery framework would ensure that the schemes continue to remain relevant. They would also maximise the public good that is delivered and prevent the schemes being overtaken by events. Furthermore, Area Statements should provide a key means of spatial prioritisation of public goods interventions (as proposed in the present NRP), informed by stakeholders. Similarly, SoNaRR can provide a valuable means of measuring the effectiveness of the interventions funded by the new schemes.

NRW are currently working with colleagues in Welsh Government on how spatial priorities of the Natural Resources Policy priorities could be managed through the planning system, including through the National Development Framework (NDF). The NDF will reflect the Welsh Government's infrastructure priorities, including potentially green infrastructure priorities. These will improve the resilience of ecosystems as well as grey infrastructure and provide a framework for their strategic location and development. However, the effective delivery of certain forms of infrastructure, for example strategic green infrastructure which deliver nature-based solutions to environmental risks, may be better delivered through the Welsh Government's Land Management Programme. In particular, if Welsh Government aspirations for woodland creation are to be achieved, it is essential that the NDF and the proposals in this consultation work together to protect existing woodland and increase woodland cover.

Given the synergies between the National Development Framework (and wider town and

country planning system) and the Land management programme in contributing towards the delivery of the Natural Resources Policy, it will be important for these frameworks to be developed in tandem to ensure they are complementary and consistent. The spatial coordination between town and country planning and the wider countryside could be used to restructure land use to a common spatial vision. Therefore, it would be helpful for the Welsh Government to indicate how the NDF (and wider town and country planning system) will interface with the Welsh Government's land management framework.

Additional thought needs to be given to how Brexit and Our Land delivery interacts with the Natural Resource Delivery Framework, National Development Framework, Local Action Groups, Public Service Boards and Well-being Plans as well as designated landscapes. There is potential that all of these could have a significant role to play in the development and delivery of the schemes.

### **Delivery Roles for Brexit and our Land**

Brexit does not only provide an opportunity to redesign support systems to enhance the wider benefits land brings to Wales and support the delivery of our unique legislative framework. It also provides us with the opportunity to assess how these support systems are undertaken and delivered. Removing the constraints of EU regulations (No1305/2013, No1306/2013; No1307/2013 amended by No2017/2393, No639/2014, No640/2014 No641/2014 and No809/2014) and the current wording of the UK Agricultural Bill and with the Environment Act (Wales) 2016 allows Wales to determine the most appropriate delivery model for our unique legislative framework. We recommend that an objective assessment is developed measured against an agreed specification. This can then focus on what will best deliver the joint outcomes that NRW, Welsh Government and others in Wales all seek.

The consultation references NRW in the context of contributing to the advice offer and potential delivery of public goods. Embedding Brexit and Our Land delivery in the Natural Resource Delivery Framework and the exploration of options for collaborating on scheme development and delivery is fundamental to NRW being able to deliver our remit in relation to Sustainable Management of Natural Resources to support well-being on land outside of our direct control.

We envisage that Area Statements (which embed Well-being Plans) could provide a key means of spatial prioritisation of interventions required for this new system (Area Statements and Public Goods/Economic Resilience schemes operating in synergy), and NRW has a key role in assisting their development for this purpose.

There is also significant merit in broadening this exploration in relation to other delivery aspects such as:

- The delivery of pilots and trial aspects of scheme delivery within the transition period
- Assessment and monitoring of environmental conditionality and delivery against regulatory baseline (currently referred to as cross compliance);
- Training and Advice;

- Development of sustainable brand values to underpinned Brand Wales;
- Inform investment and improving productivity and animal welfare through embedding SMNR;
- Pre-application advice;
- Development and delivery of relevant aspects of Continuing Professional Development (CPD);
- Expert advice, verification and endorsement of contract;
- Compliance with scheme delivery and risk-based auditing of holdings;
- Monitoring and assessment of outcomes.

Any additional areas of work undertaken by NRW would require detailed assessment and the guarantee of associated resources for delivering now and into the future.

### **Potential work which will Enable Delivery of Brexit and our Land**

Implementation of the Commons Act 2006 (Parts 1 and 2) - Important sources of data on legal ownership, rights held etc are recorded in the Common Land Registers. Correction of errors and up-dating information (boundaries, ownership/rights) in these Registers is crucial for accurate data to underpin public goods agreements. Completion of the electronic Common Land Registers would make this information available to both the scheme administrators and potential applicants. The ability to establish Commons Councils may help deliver landscape-scale agreements over large, contiguous commons and groups of smaller commons.

Development of a national register of special trees has long been an ambition in the Welsh Government's Woodlands for Wales Action Plan and would support the delivery of public goods.

Within the National Parks and AONB's taking opportunities to 'conserve and enhance natural beauty' are a statutory requirement. Furthermore, the Minister has recently expressed her intention that the Designated Landscapes (DL) become exemplars of SMNR in their areas and that '*The Welsh Government will introduce legislation at the earliest opportunity to require a National Park Authority to pursue the sustainable management of natural resources in the exercise of its functions*'.<sup>12</sup> Post Brexit land management support is a vital part of delivering SMNR in the DL's alongside their statutory purposes and duties. In line with the Ways of Working it may be beneficial for Welsh Government to collaborate with the DL's, to enable them to develop and design schemes which help to deliver the DL management plans, the NRP and fulfil the Ministers aspirations. Currently the Minister is also exploring how the AONB's can achieve more parity with the National Parks. The post Brexit land management schemes have been raised in the discussions alongside the costs of administration.

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<sup>12</sup> Valued and Resilient: The Welsh Government's Priorities for Areas of Outstanding Natural Beauty and National Parks.