

15 July 2013

Dear Minister,

Thank you for inviting me to conduct a review into the resilience of farming in Wales. You have asked that the review address two key areas: firstly, the response of the Welsh Government, and other interested parties, to the adverse weather in March. This will include lessons learned that can be drawn upon for handling contingency events such as the snow of this year or the severe flooding in Denbighshire in 2012. Secondly I am reviewing what measures might be taken to improve the general resilience of farming with a particular focus on the beef and sheep sectors in the uplands and hills of Wales.

At this stage of the review this letter should only be regarded as interim feedback with a much fuller report to follow. I do, however, provide my initial views on both areas below.

AREA 1 - EXTREME WEATHER AND MANAGING CONTINGENCIES

I have taken evidence from affected farmers and their representatives, Welsh Government (WG) staff involved in the response, other Devolved Administrations, the banks, the National Fallen Stock Company and the Local Authority staff that provide support and guidance to farmers.

Facts

The snowfall in March was an extremely unusual event due to the severity of the snow and the high winds, which prevailed, causing significant drifting in the uplands and mountains of North and parts of Mid Wales. This was compounded by the length of time the snow remained on the ground which, due to below average temperatures, was significantly longer than would normally be expected at this time of the year. The last time such an event was recorded was in the early 1940s.

Secondly, the areas that were affected were extremely localised and without accurate intelligence many of the relevant parties would have been unaware of the events unfolding until much later. This was compounded by the fact it occurred over a double bank holiday period which meant there were fewer people at a managerial and an operational level within the relevant organisations present. These first two factors combined made an effective early response difficult to deliver.

Thirdly, the snowfall came at the end of a long period of chronic bad weather which started with the cold spring of 2011. This coincided with the peak lambing period for upland flocks. The loss of breeding ewes and lambs was therefore much higher in certain businesses than would be expected during a normal lambing season. The true extent of losses is still to be established as part of a review currently being carried out by HCC.

Initial findings

There is no doubt that this event was so unusual that it would be unrealistic to expect a perfect response. It is therefore to be expected that there will be lessons to be learnt for all parties involved. Events in Wales were reported by BBC Wales from the outset, however similar events occurring in other parts of the United Kingdom grabbed more of the national headlines.

I have restricted my feedback, at this stage, to an assessment of the measures put in place to respond to the consequences of the acute weather event. There has been a range of follow-up aid and support provided by all the Devolved Administrations, and by DEFRA driven by different pressures; I have not looked into these measures at this stage, but if you wish I could do so in the second half of my review.

The measures and policies put in place by the Welsh Government were broadly appropriate to the developing situation, although arguably implementation was slightly delayed as acknowledged in your evidence to the Environment and Sustainability Committee of 1 May 2013. This was also reflected in delayed feedback from the industry and partners on the ground. Following my discussions, I have established that the measures put in place by the Welsh Government were on the whole in line with the rest of the UK. However, the intervention would have been more effective if measures had been ready for immediate implementation and delivered with a coordinated and consistent approach across the affected area.

The intelligence that was received lacked clarity and detail for at least the first week of the event. Obtaining an accurate picture of what was happening on the ground was difficult for all concerned throughout the episode; however, the establishment of a weekly industry group meeting did provide useful intelligence to inform the Welsh Government. The recent necessary reorganisations in Welsh Government also meant that some officials found themselves managing difficult contingency planning issues without the experience of any such previous events.

The biggest complaint from the farming community revolved around the implementation of the measure allowing on-farm burial of fallen stock. It was evident that the different Local Authorities dealing with this issue on the ground had different interpretations of the guidance given by Welsh Government officials and implemented the measure differently; some lacked sensitivity and flexibility while others lacked a clear understanding of the severity of the conditions. Generally, it was unclear what evidence was required to allow on-farm burial. Notwithstanding these general complaints, some farmers praised the way their local authority dealt sensitively with the situation.

Another important factor was the delay in collecting fallen stock, which was unacceptable and added to the distress suffered by farmers already perplexed by the weather event itself. The delays could, in part, be explained by problems with access and the sheer number of collections required. A poor performing collector exacerbated an already difficult situation; this has subsequently been addressed through a business acquisition. The disposal of fallen stock is a specific agenda that needs to be carefully considered for the future. The Animal Health and Welfare group made me aware of the work being considered on potential options and I hope to expand on this in my full report later in the year.

Generally, farmers praised the role of feed companies who continued to provide product even if at times it was rationed.

Interim Recommendations

The feedback from all parties confirmed that matters would be vastly improved if the intelligence was more accurate and timely and that a properly documented Contingency Management Plan (CMP) guided the response (to a wide range of potential contingencies). Much planning already goes on that is led by the Welsh Government in relation to such matters such as animal disease emergencies, but is tightly focussed on the related issue. In addition to this, there are many plans in place to deal with adverse weather on a local level, but there is no central function in place which acts as a trigger point for the Welsh Government to mobilise the necessary resources in order to provide a national response to climatic incidents or other contingency events.

The CMP should be made available online to inform staff how to respond; in particular for those with little past experience. It should be a single, generic plan with detailed guidance to ensure a consistent approach to delivery of the relevant policies and procedures regardless of location.

The CMP should:

- Be developed following a major risk assessment exercise considering the likely events that may impact on farming, livestock or people. It must address emergencies caused by both acute and chronic events.
- Be mobilised by the nominated coordinator when a trigger occurs and include the following steps:
 - An emergency response is triggered when an event occurs as defined in the CMP assessment.
 - Involve a suitably trained team that possess the necessary authority and skills to manage the consequences of an event. The team should be multidisciplinary and include members from any agency/stakeholder likely to be involved in the response.
 - Be tested periodically against simulated events.
 - The CMP coordinator should bring the response team together physically if possible or by video/conference call, once mobilisation has occurred the following aspects need to be considered;
 - An assessment is carried out,
 - Appropriate measures are implemented to respond to the event including a communication plan ,
 - The CMP team meets as frequently as necessary to monitor progress until the emergency has been dealt with.

EARLY RECOMMENDATION – A generic Contingency Management Plan should be created and appropriate internal and external people need to be identified and training for dealing with emergency responses delivered.

Accurate feedback is vital to effective management of any emergency or situation; it determines the seriousness of the event in the first place and provides accurate information about the response on an ongoing basis. Intelligence is the responsibility of all interested parties not just the government and an effective network should be formalised and documented in the CMP. The network should include the regional network for the Farm Liaison Service, Farming Connect, farming charities and the farming unions; the wider and more extensive the better.

EARLY RECOMMENDATION– WG reviews its intelligence network and ensures the network is sufficiently briefed to identify a trigger event.

Resilient businesses can be expected to cover losses in the ordinary course of a business cycle and the good years generally more than offset the bad ones, however where businesses sustain exceptional losses, their usual risk management tool is insurance. There is a range of insurance vehicles available to farmers that cover general risks but as yet no specific cover for catastrophe loss; this option is currently being explored with NFU Mutual and will be considered more fully in the final report.

EARLY RECOMMENDATION Catastrophe cover is explored as a risk management tool for exceptional losses.

AREA 2 - IMPROVING THE WIDER RESILIENCE OF FARMING

The impact of the extreme weather has thrown a spotlight on the financial performance of the farming sector and highlighted how economically fragile some businesses are. You have asked me to make recommendations on how resilience could be built into the agricultural sector enabling it to be more sustainable in the long term. Following an initial analysis of farm business survey data, I have decided to concentrate my interim report on farming in the uplands of Wales.

This region is particularly important to the environment, rural communities and the stratified sheep industry in Welsh agriculture: a reduced level of farming in the Severely Disadvantaged Areas of the uplands and would have a detrimental impact on all these elements. I will, however, conduct a wider review of all key farming activities and sectors in Wales in my full report.

I have taken evidence from farmers, their representatives, Welsh Government staff, the Uplands Forum, Menter a Busnes and other individuals involved either directly or allied to the industry. I have also considered other reports relevant to my review and used their recommendations where appropriate.

I have also conducted some rudimentary analysis of the current information on financial performance of the farming sector. I am still waiting for some further financial information and will conduct more in-depth analysis during the later stages of my work.

My broad analysis of the finances leads me to conclude that the current business models for providing public support for farming in the uplands namely, Single Farm Payment Scheme (SPS) and Glastir are unsustainable and need urgent attention.

Faced with the prospects of declining prices, increasing costs and reducing subsidies, the rational response of most farmers would be to reduce the numbers of animals on their holding in order to reduce the losses sustained in their business. Some may simply cease farming altogether.

From my discussions with the industry, HCC and the environmental representatives, it was very clear that this outcome would not only affect the farming and /or land management practices of Wales but would have a significant negative effect on the environment, the wider Welsh agricultural industry as well as communities and culture.

However, I do not believe that the best way to improve resilience is to simply increase the level of public money to the upland farms this option will simply embed current practice and discourage business improvement. Nor do all the levers lie in the Welsh Government's hands. That said, very few farmers would have sustainable businesses in the short to medium term without some level of public support.

My view is that we should make maximum use of the Rural Development Plan to create a targeted and integrated package of measures that provides support for good farming and environmental performance and encourages the uptake of progressive farming practices that, over time, will make these businesses more resilient and sustainable.

Care must be taken with those farms that are truly in the Severely Disadvantaged Areas, and the moorland, as these areas are most likely to destock and it is these areas where we need to keep stocking densities at an appropriate level to maintain diversity in the environment and the outcomes that society and the Welsh farming sector needs.

The renegotiation of the Rural Development Regulation presents a one-off opportunity to place upland farming on the road to sustainability and measures should be included that allow an integrated package of support to be rolled out. There will be much more to do in the later stages of my review but the feedback I have had to date all reinforces this early view.

I will delve much deeper in the full report when considering other barriers that may frustrate efficient and effective farming but I thought it was important to signal, even at this early stage, the likely direction of travel.

EARLY RECOMMENDATION – An integrated package of measures be considered for the uplands in the next RDP that will help improve farming and environmental performance, and which in time should provide resilience to the industry.

A buoyant domestic and export market is vital in improving returns in the livestock sectors. WG could augment levy funds that are already used to stimulate growth in Welsh lamb and beef and expand the valuable work of opening up new markets for these products. An effective strategy, which explores new markets for Welsh lamb, particularly the lighter

lambs, not only adds extra value to the industry but provides opportunities to sell products that are of interest to a wide range of consumers at home and abroad.

EARLY RECOMMENDATION – The Welsh Government augments levy funds to finance targeted promotion for accessing new market opportunities.

I still have a lot of work to embark on and a great deal of follow up discussion to conduct, but I hope this brief report provides you with enough detail to show how both aspects of the review can be dealt with positively. I am happy to meet with you to discuss it further and get your views on the way forward.

Yours

Kevin