

SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

In narrative form, please describe the issue and the action proposed by the Welsh Government. How have you applied / will you apply the five ways of working in the Well-being of Future Generations (Wales) Act 2015 to the proposed action, throughout the policy and delivery cycle?

Since the UK's departure from the European Union (EU) in 2020, much EU legislation has become assimilated law. This has included the Fruit and Vegetable Aid (F&VA) scheme and the Public Intervention (PI) and Private Storage Aid (PSA) schemes. These schemes were set up by the EU to support the agricultural sector.

Fruit and Vegetable Aid scheme

The F&VA scheme offers officially recognised Producer Organisations (POs), financial assistance to increase fruit and vegetable production by offering funding for actions that contribute to improved competitiveness, with a particular focus on collaboration and productivity. This is on a match-funded basis and requires POs to meet a particular set of requirements to be able to apply for the funding. These are that the PO:

- must have its head office located in the constituent nation where the majority of its Value of Marketed Production (VMP)¹ is calculated or, where the majority of members are located. The head office cannot be moved until the end of the operational programme
- have at least 5 grower members, all of whom are separate legal entities
- have an annual turnover of €1 million (in terms of marketable production) - for POs recognised exclusively for mushrooms or nuts, this is €250,000
- be formed on the initiative of farmers who are growers of one or more products listed in Annex I of the [regulation EUR No. 2013/1308](#) and/or of such products intended solely for processing
- use environmentally sound cultivation practices, production techniques and waste management practices, in particular to protect the quality of water, soil and landscape, and preserve or encourage biodiversity

¹ The value of marketed production is the value of produce at the point that it leaves the PO or Association of POs.

Since its inception in 1996, there have been no applications from Welsh POs for the F&VA scheme. This shows that it is not supporting the horticulture sector in Wales and should be reviewed. We propose to close the current scheme and work with the sector to understand how to better support, grow and strengthen it in Wales.

The Public Intervention and Private Storage Aid Schemes

PI and PSA are two of the main market intervention mechanisms under the Common Agricultural Policy for supporting market prices. Both schemes relate to the removal of agricultural products from the market when prices fall below certain thresholds.

Currently, the mandatory PI schemes open automatically if the market price falls below the threshold, requiring the Rural Payments Agency (RPA) to buy in the products up to a certain quantity. PI schemes in exceptional market condition offer financial support where a crisis has caused prices to fall dramatically and Welsh Ministers have formally declared exceptional market conditions. The schemes have become inefficient forms of market support and have a weak economic rationale. They were designed to support farmers during overproduction in the 1980s and have become less useful and since reforms to the Common Agricultural Policy in 1992.

The PSA Scheme is opened for agricultural products to be put into storage for a set time when market prices are so low as to make sale of the goods unprofitable. The Welsh Government pays storage costs up to a certain amount. The products are then withdrawn from storage and sold later, when it is likely prices have recovered.

Neither PI nor PSA schemes have been used in Wales since at least 2000 and do not offer value for money for the Public Sector. When crises have arisen in agricultural markets in recent years, market intervention powers, which are now included in the Agriculture (Wales) Act 2023, have allowed Welsh Ministers to support farmers through direct payments in exceptional circumstances. This provides a much more cost-effective method of intervention to aid farm businesses, as the costs to the Welsh Government are directly linked to the farmers' income foregone, rather than being based on the costs of storage facilities. Similar market intervention powers were used to provide financial support for dairy farmers during the Covid-19 pandemic.

Proposals

We are proposing to close all three of these schemes in Wales. By removing these out of date schemes, the Welsh Government will prevent public money being spent inefficiently and will work with stakeholders to help support the agricultural sector in more effective ways.

In Wales, if any applications had been made to these schemes, they would have been managed by the RPA. Changes to Agency Agreements mean the RPA will not continue to do this. Should the Welsh Government continue to run these schemes, it would need to administer them through Rural Payments Wales (RPW) which would place new pressures on

RPW. Currently, they do not have a mechanism to accept and process payments for the F&VA scheme or the PI or PSA schemes. To implement these changes would put a large administrative and financial strain on the Welsh Government to introduce a set of new processes that are not currently available. Furthermore, to become a PO, applicants would still have to be recognised by the RPA before becoming eligible for the scheme. POs would need to register with the RPA before being able to apply for funding in Wales putting a further administrative burden on those wanting to join the scheme.

In **June 2025** we opened a 12-week consultation to allow stakeholders to help inform our policy decisions and to understand any unintended consequence of the changes in the schemes in Wales. There was a low level of response to the consultation, but people were generally in favour of removing the schemes in Wales. The below impact assessment highlights the responses. As this is a legislative proposal, a Regulatory Impact Assessment has been carried out.

SECTION 8. CONCLUSION

(Please note that this section will be published)

8.1 How have people most likely to be affected by the proposal been involved in developing it?

The Welsh Government conducted a 12-week consultation to understand public and stakeholder views on the proposals. Further discussions were had with key agricultural stakeholders, who represent those who are most affected by the proposals. Stakeholders agreed with the proposal and no objections were raised. As the proposal has minimal to no impact on children, people with protected characteristics under the Equality Act 2010 or Welsh speakers, it was not necessary to conduct targeted consultation to involve these groups.

8.2 What are the most significant impacts, positive and negative?

The most significant impact of this proposal will be to eliminate the possibility of the Welsh Government needing to operate schemes that are not used in Wales and which represent poor value for money.

The F&VA scheme has never been used in Wales, which highlights obvious limitations for its use. PI and PSA schemes have not been used in Wales since at least 2000, but the need for the Welsh Government to make provision for their continued use would create costs through inefficient use of staff time. Should schemes be implemented, this would create direct costs for the payment for storage or for the foodstuffs bought. It would also create administrative costs for the Welsh Government. The Agricultural (Wales) Act 2023 gives Welsh Ministers market intervention powers to support farmers in exceptional circumstances through direct payments. These powers provide a more effective method of intervention to aid farm businesses. This has rendered both the PI and PSA schemes obsolete, not offering value for money for the public sector to run. This proposal removes that potential cost, representing improved governance.

8.3 In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The limited remit of the proposal means it does not directly contribute to any of the Welsh Government's Wellbeing Objectives, its objective instead being improved governance and

reducing risk of unnecessary costs. With no negative impacts having been identified, no measures are necessary to avoid, reduce or mitigate negative impacts.

8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

Because the impact of the proposal is expected to be low, there are no plans for a dedicated monitoring programme or post-implementation evaluation. The Welsh Government will, however, continue to work with and explore options to best support the horticultural sector in Wales moving forward.