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Llywodraeth Cymru
Welsh Government

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Dafydd Elis-Thomas AM
Chair of the Environment and
Sustainability Committee

21 November 2012

Dear Dafydd

Thank you for your letter of 24 October following my evidence session with the Committee on 18 October and also for sight of your letter to the Chair of the Finance Committee. I have taken each of the areas of concern in the same sequence as in your letter and also included the information on the proportion of the fisheries budget that is linked to enforcement prosecution that I undertook to provide during the meeting.

Fisheries enforcement vessels

As I indicated at the Committee meeting, we are currently assessing all viable options for procurement of replacement assets for fisheries enforcement, which includes vessels for at-sea enforcement. I expect to write to the Committee by the end of January 2013 to outline progress.

Transfer of fisheries functions

As I have already indicated, any additional ICT provision for the devolution of quota management and licensing will be built on the existing BETS infrastructure. Detailed specifications for this work are still being developed and so I am not able to forecast firm figures at this stage. However, it is likely that expenditure will fall to both the current and 2013/14 financial years. My officials expect these costs to be relatively small and met from existing budgets.

Proportion of the budget spent on prosecution

The total operational enforcement costs represent 60% of the Fisheries budget. This sum covers all of the operational costs of running two Inshore Fisheries Protection Vessels, a fleet of pool vehicles and all ancillary costs of managing an enforcement

team. The specific costs of prosecution are not clearly identified as investigation and data gathering in relation to alleged infringements is a day-to-day role of the team.

A nominal sum of £5.5k has been set aside for legal costs in taking prosecutions forward at Magistrate Courts, but again this is not a true reflection of the resources involved as the Welsh Government will normally seek reimbursement of all associated costs in any successful prosecution. This budgetary sum is only in place as a contingency marker for any potential unsuccessful prosecution action.

EID Database

As discussed at Committee, the costings for the development of EIDCymru are currently being calculated. A technical evaluation of ScotEID is underway to identify the necessary work to the base system together with the changes necessary to meet the Welsh requirements. Until this work has been completed I cannot make decisions on where the funding will be drawn from. Once I am able to do so I will write to the Committee.

Re-profiling the RDP plans

As I stated at Committee, our understanding was that the European Commission were intending to change the rules around the ability to apply N+2 to agri-environment schemes in certain cases. This could have put some of our EU programme funding at risk. Since the meeting we have been working further with the Commission to clarify the position and to seek consent to take steps to mitigate the risk of decommitment such a decision might cause. Our latest exchanges with the Commission suggest that they are reverting to the position as we originally understood it, but there are still some issues to be finalised. I will write to the Committee once we are certain of the outcome.

Food promotion grants

At the meeting I explained that objectives and targets are placed on all the food grants operated under my portfolio and undertook to provide the Committee with further details.

Starting with Food Festivals these play an important role in developing and supporting the Tourism sector in Wales through building the image of food tourism, providing local events for visitors, encouraging a food culture and offering access to a concentration of visitors and food theatre. The budget is fairly small at £400,000 but the multiplier effect is seen to be much higher with an economic impact equated to £24.7m per annum on average and at its highest £38.9 million per annum. These figures included direct spend by the festivals themselves and individual consumers spend either, with food producers or within the wider community over the year.

The Promotional Grant has an annual budget of £80,000 and supports various activities which promote the food and drink sector in Wales. This funding had been allocated to a range of organisations since 1999. Examples of activities supported include – The Farmhouse Breakfast initiative associated to Welsh Breakfast week, Great Taste Awards and the high profile Welsh Cheese Awards. The grant does not as such deliver any direct job creation / employment but is evaluated for effectiveness on a regular basis.

Turning to the Processing and Marketing Grant Scheme, this offers capital grant support for SMEs to make investments in the processing agricultural or forestry products. The broader objective of this scheme is to support companies to improve their profitability and so the key indicator is the volume (or tonnage) of product being processed. This is coupled with an assessment of the increase in profit margin as measured by the increase in Gross Value Added (GVA) between the start of the investment and two years after completion. Work to capture this information is ongoing and it will be some time before the figures are available because many of the investment plans have not yet finished. Separate from the assessment of GVA, the creation of new jobs and the safeguarding of existing jobs is also recorded and again those figures are in the process of being compiled.



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