



Llywodraeth Cymru
Welsh Government

IMPACT ASSESSMENT, DOCUMENT

Agricultural Wages (Wales) Order 2024: Integrated Impact Assessment

An assessment of the impact of changes introduced in the
Agricultural Wages Order 2024.

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What is the Welsh Government considering and why?

The Programme for Government sets out the 10 well-being objectives that the government will use to maximise its contribution to Wales' seven long-term well-being goals. The current proposal supports the building of an economy based on the principles of fair work, sustainability and the industries and services of the future as well as making cities, towns and villages even better places in which to live and work. The specific goals of the Wellbeing of Future Generations (Wales) Act 2015 which apply include making Wales prosperous – developing a rural economy which generates wealth and provides equal opportunities and a country which is ecologically, economically and socially resilient. Furthermore, the work will support cohesive communities with a vibrant culture and a thriving Welsh language.

The current Order is the Agricultural Wages (Wales) Order 2023 (“the 2023 Order”). The aim of this policy is to introduce the Agricultural Wages (Wales) Order 2024 (“the 2024 Order”) which prescribes minimum hourly rates of pay for agricultural workers and other terms, conditions and benefits. The Order will be made pursuant to powers in the Agricultural Sector (Wales) Act 2014 (“the 2014 Act”).

The Agricultural Advisory Panel for Wales (“the Panel”) is an independent advisory body established under Section 2(1) of the 2014 Act by the Agricultural Advisory Panel for Wales (Establishment) Order 2016 (“the Panel Order”) on 1 April 2016. The Panel Order sets the number of Panel members at seven:

- two representatives from Unite the Union
- one representative from the Farmers' Union of Wales
- one representative from the National Farmers' Union Cymru
- three independent members – including an independent chair.

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The independent members and Chair are selected via the Public Appointment Process.

Article 3(2) of the Panel Order sets out the Panel's functions which are:

1. promoting careers in agriculture;
2. preparing agricultural wages orders in draft, consulting on such orders and submitting them to the Welsh Ministers for approval; and
3. advising the Welsh Ministers on such other matters relating to the agricultural sector in Wales as the Welsh Ministers may require.

The main role of the independent members of the Panel is to apply their expert views in discussions on key issues and to advise on the opportunities and challenges facing the industry.

There is a key responsibility on all Panel members in helping to ensure that fair and reasonable draft Orders are brought forward on matters relating to minimum pay levels and relevant terms and conditions for agricultural workers in Wales as defined in the Agriculture Sector (Wales) Act 2014.

The Panel met to decide whether to propose changes to the 2023 Order on 4 and 5 September 2023. A targeted consultation on the proposed changes was conducted from 23 October to 19 November 2023. The proposals were emailed to an extensive list of stakeholders and were made available on the Welsh Government Consultations webpage. Hard copies were also available on request.

There was only one response to the consultation document. This raised a number of very specific points regarding age bands within the Order and also the calculation of holiday entitlement for part-year and irregular hours workers.

The Panel acknowledged and considered the response. There is a specific exemption within the National Minimum Wage Act 1998 and the Equality Act

2010 allowing employers to pay less than the National Living Wage to younger workers as long as they are paid at least the National Minimum Wage for their age. The calculation of holiday entitlement was a valid point and resulted in an amendment to the provisions of the 2024 Order affected by The Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023.

The Panel submitted their proposals to Welsh Government on 11 December 2023.

The Minimum rates proposed by the Panel in the 2024 Order will supersede those in the 2023 Order. The introduction of the 2024 Order will help ensure that all agricultural workers continue to receive the necessary protection and fair pay that reflects the nature of their work and the level of their responsibilities. Provisions in the 2024 Order will continue to reward qualifications and/or experience in agriculture which includes pay differentials based on the level of skill required at each grade. This provides an incentive for skills development within the sector.

The 2024 Order will continue to provide that any agricultural worker who would have suffered a reduction in their minimum rate of pay as a result of their assimilation to a lower grade or lower minimum rate of pay under the grading structure introduced in the 2022 Order must either have their pay protected at the rate of pay the day before the 2022 Order came into force until the minimum rate of pay applicable to their grade under the new grading structure reaches or exceeds their current rate of pay or have their rate of pay increased by mutual agreement with their employer.

The 2024 Order will be taken forward within the context of the Welsh Government's wider Tackling Poverty agenda, assisting rural economies to grow and thrive, further contributing to the wider Welsh economy.

As the regulations are secondary legislation a Regulatory Impact Assessment has been completed.

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Conclusion

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

The Agricultural Advisory Panel for Wales is an independent body which advises Welsh Ministers on the Agricultural Minimum Wage arrangements and terms and conditions of employment for agricultural workers in Wales.

The Panel consists of 7 members made up of representatives from the Farmers Union of Wales (FUW), the National Farming Union (NFU Cymru), UNITE the Union and independent members (including the Chair).

A 4-week consultation was carried out and a number of people with protected characteristics were invited to respond. Key stakeholders, including the farming unions, UNITE, and agricultural colleges were included. Panel members were encouraged to share the proposals throughout their networks.

The Consultation was available on the Welsh Government Consultations webpage and hard copies were also available on request.

What are the most significant impacts, positive and negative?

Some of those working in or joining the agriculture sector and their families should benefit from the provisions on minimum wages and training and skills development to further their careers. There are also wider benefits to the Welsh economy and our communities accruing from fair levels of pay and allowances and a better skilled workforce.

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The provisions of the Order, including minimum rates, apply to all workers aged 16 and over. This ensures workers receive fair minimum rates, even when employed at a young age, which are affordable for farm business, thus ensuring financial viability of the sector.

All school children who work in the UK are protected by the provisions of the Children and Young Persons Act 1933. This places limits on both the types of work that can be undertaken, and the hours worked by a young person of compulsory school age.

There are wider benefits to the Welsh economy accruing from fair levels of pay and allowances and a highly skilled workforce. The Panel and Welsh Government are working closely with farming unions and employee representatives with the intention of promoting agriculture as a viable employment path for all people, including those with protected characteristics.

We have no reason to believe there is disproportionate impact or discrimination as the provisions of the Order are applicable to all employed agricultural workers. However, the Panel, in conjunction with Welsh Government, recognises that more detailed baseline statistics relating to people with protected characteristics, relevant sectors, hours worked i.e. part-time, casual etc. and grades would be helpful.

A baseline data gathering exercise was undertaken during 2021 however there were only a small number of results. Welsh Government have been working in conjunction with the Panel to establish the feasibility of obtaining robust data in order to better inform future Orders. There are several significant and ongoing challenges that would require a substantial amount of time, money and resources to work through, at the end of which there is no guarantee sufficiently robust data would be obtained. The effort required to obtain data, which may ultimately be of questionable quality, is deemed disproportionate to the reach and impact of the policy area, particularly given the significant financial pressures currently facing Welsh Government.

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The Order will also support rural communities where the Welsh language is often prevalent by helping to maintain cohesive and thriving Welsh-speaking communities in areas where agricultural employment is a dominant career option. Sustainability of rural communities is supported by the economic impact of fair minimum rates and recognition of the skills needed is provided for in the grade structure.

The 2024 Order directly supports the sustainability of the Welsh language in the 'heartlands' (e.g, Anglesey, Carmarthenshire, Ceredigion, Conwy and Gwynedd) which are predominantly rural and agricultural in nature. Sustaining rural communities means sustaining and supporting vibrancy of the Welsh language in these areas. There is a clear positive impact on the language therefore as there are intrinsic links between the economy, community and language. Over 70% of agricultural workers in the counties noted above are Welsh speakers and therefore would benefit from the Agricultural Wages Order. A comprehensive socio-linguistic survey of the Welsh language in its heartlands is currently being undertaken as part of the Cymraeg 2050 Action Plan.

Only positive impacts and effects have been identified relating to the Welsh language.

The work of the Panel, enforcement of the 2014 Act, the introduction of all related Orders, consultations and guidance are all undertaken / published bilingually. Welsh is proactively offered as the medium of communication at meetings and events. Publication and public messaging are always bilingual.

Strengthening the 'offer' of agricultural work in Wales will also help to keep workers in the traditional Welsh language heartlands, where agriculture is one of the main means of employment.

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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 2024 Order supports the creation of a prosperous, secure, united and connected Wales. The specific goals of the Wellbeing of Future Generations (Wales) Act 2015 which apply include making Wales prosperous – developing a rural economy which generates wealth and provides equal opportunities and a country which is ecologically, economically and socially resilient. Furthermore, the work will support cohesive communities with a vibrant culture and a thriving Welsh language.

Ensuring fair wages for agricultural workers and supporting rural communities, including raising household incomes, improving the skills base of young people and helping families in poorer communities by increasing their household income, is of vital importance. The provisions for apprentices and training within the 2024 Order will also assist in young people gaining skills and qualifications, which can improve their job prospects in the future.

The 2024 Order will continue to provide that any agricultural worker who would have suffered a reduction in their minimum rate of pay as a result of their assimilation to a lower grade or lower minimum rate of pay under the grading structure introduced in the 2022 Order must either have their pay protected at the rate of pay the day before the 2022 Order came into force until the minimum rate of pay applicable to their grade under the new grading structure reaches or exceeds their current rate of pay or have their rate of pay increased by mutual agreement with their employer.

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Enforcement procedures are also in place to ensure action can be taken against any employer who does not adhere to the minimum pay rates or terms and conditions of the Order.

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

Through continued dialogue with key stakeholders, the Welsh Government will monitor the impact of the 2024 Order, and any subsequent Orders proposed by the Agricultural Advisory Panel, on the agricultural sector including young workers.

A helpline number and email address will continue to be available to respond to queries related to the 2024 Order.

All of this information will help to both assess the effectiveness of the Order and inform any future Order.

The Panel, in conjunction with Welsh Government, recognises that more detailed baseline statistics relating to people with protected characteristics, relevant sectors, hours worked i.e. part-time, casual etc. and grades would be required.

A baseline data gathering exercise was undertaken during 2021 however there were only a small number of results. Welsh Government have been working in conjunction with the Panel to establish the feasibility of obtaining robust data in order to better inform future Orders. There are several significant and ongoing challenges that would require a substantial amount of time, money and resources to work through, at the end of which there is no guarantee sufficiently robust data would be obtained. The effort required to obtain data, which may ultimately be of questionable quality, is deemed disproportionate to the reach and impact of the policy area, particularly given the significant financial

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pressures currently facing Welsh Government.

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