

Memorandum on the Rural Affairs Draft Budget Proposals for 2022-23

Economy, Trade and Rural Affairs Committee – 20 January 2022

1.0 Purpose

This paper provides information to the Economy, Trade and Rural Affairs Committee on the Rural Affairs (RA) (MEG) proposals outlined in Draft Budget 2022-23, published on 20 December. It also provides an update on specific areas of interest to the Committee. The summary of the budget structure can be found at section 3 of the evidence paper.

2.0 Strategic Context

1. Ministerial Responsibilities

1.1 Agriculture Sector Development

The Agriculture and Sustainability Division leads Welsh Government activities through all phases of producing, processing and marketing farm, food and bio-based products, from the farmer to the consumer, from the farm to global markets. The team is responsible for:

- developing and delivering agricultural policy on sustainable farming, sector development, trade, contingency planning, and agricultural tenancies;
- supporting the industry through advice, guidance and schemes to improve resilience, innovation, wellbeing, health and safety. We also sponsor the Levy Bodies;
- providing funding through Glastir, the Farm Business Grant (FBG) and the Sustainable Production Grant (SPG); and
- developing agricultural regulations including Agricultural Pollution Regulations, livestock identification and movement controls, and Local Authority animal health and welfare enforcement.

1.1.1 Livestock Identification and Movement Policy

I launched my consultation on Changes to Livestock Identification, Registration and Movement Reporting on 30 September. The consultation will look to harmonise some of the movement reporting and registration rules across all livestock. It also includes agreed changes on Bovine EID tag specifications and the mandatory use of RPWOnline's Manage My CPH system.

The proposals in the consultation provide increased traceability for all livestock and introduce electronic efficiencies to enhance farm performance, alongside the development of EIDCymru.

The consultation will be open until 2nd January 2022 and I will update the Senedd on the results of the consultation and publish my decision on the changes and the provisional implementation date for Bovine EID.

1.1.2 Nitrate Vulnerable Zone Management

Nitrate Vulnerable Zones no longer exist in Wales.

Through the Rural Development Programme 2014-20 (RDP), which runs until the end of March 2023, we are continuing to support farm businesses in implementing the requirements of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021. We are developing our proposals for replacement EU funding. As farmers and land managers transition towards the Sustainable Farming Scheme, future support will include a focus on environmental improvements, farm scale land management, productivity, and diversification. Enhancing water quality and supporting farms to become compliant with the new regulations will be an element of this support. Further details of future funding plans will be announced once I have had the opportunity to consider proposals put forward by my officials. As a result of the continued demand for the Farming Connect Advisory Service and the significant increase in the number of applications following the introduction of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations in January 2021, the Advisory Service secured an additional £1,125,000 which was awarded to ensure the continuation of the Service up until March 2023. The total budget allocation for the Farming Connect Programme as a whole for FY 22/23 is £9,621,575.00. The programme provides a range of knowledge transfer support services, not limited to, but including advice, factsheets, workshops and videos, to support the sector to implement the Regulations.

£358k has been allocated to Technical Advice Services, which includes demand-led expenditure associated with the Regulations, including legal advice, a farm advice service provided by RSK ADAS Ltd and for other expenditure associated with the implementation of the Regulations.

1.1.3 Equines

The Equine Identification (Wales) Regulations 2019 require all horses in Wales to be identified with a microchip from 12 February 2021 and hold a valid passport.

Although Defra is planning to consult on changes to Equine ID's before the end of 2021 we are not proposing any changes at present.

1.2 Agri-food Sector Development

The Food Division advises me on all matters of food policy and strategy. The team:

- engage directly with the food and drink industry on a daily basis;
- deliver a suite of industry support programmes and interventions that enable the sustainable growth of the food manufacturing sector in Wales – driving growth and productivity gains throughout the food chain;
- fund programmes across the food spectrum, leveraging financial resources from wider Welsh Government including RDP, EFF, ERF and a number of smaller initiatives as well as external funding sources such as Growth Deals;
- support business survival and resilience post Covid-19 and EU exit by leveraging funds to support food sector growth, working with retailers to encourage increased Welsh food and drink product listings, helping to secure an increased online presence of Welsh producers and promotion activities to increase the Welsh food manufacturing's share of supply into the food service sector, tourism and the public sector; and

- promote the Welsh food industry through international events and networks designed to increase inward investment.

1.2.1 Food and Drink Wales

On 19 November the Welsh Government launched 'A Vision for the Food and Drink industry from 2021'. The intention is to build on the food and drink industry's success in Wales with an overarching objective to ensure an environmentally and socially responsible food and drink supply-chain which has an international reputation for excellence. A key ambition is to sustainably grow the industry at a rate higher proportionally to the rest of the UK areas, while future business support will be linked to the aims and ambitions of the Economic Contract.

The new UK GI scheme has ensured continued protection in the EU for our 16 Welsh products originally registered under the EU schemes, as well as automatically transferring to new UK GI scheme protection.

Wales represented the first nation to successfully register two new products under the UK GI scheme, taking the Welsh GI family of protected products up to 18 members. Wales is now in a unique and differentiated position of protected food areas and will continue with this momentum. It is therefore Wales' ambition within the food and drink industry vision from 2021, to ensure up to six other key Welsh product areas are registered under the UK GI scheme by 2025. Wales recognises the importance of these protections, which demonstrates the links to our food heritage, our communities and culture.

The marketing and communications are linked to a Sustainable Futures and will be built on BCORP environmental and other accreditations. The Well-being and Future Generations Act underpins the legislation and Food for Future Generation's themes. This sustainable message differentiates the Welsh food and drink journey and now widely shared in both national and international markets. During BlasCymru/TasteWales 2021 the National Geographic Traveller and Food Supplement covered these areas and was accompanied by an online video outlining Wales and its sustainable ambitions – this coverage was a first for any UK nation.

We will continue to support the industry as we recover from the effects of the Covid-19 pandemic. The recently launched 'A Vision for the Food and Drink industry from 2021' will play a key role in positioning the industry and has the capacity to be flexible so that it can respond to changing circumstance.

I announced the postponement of the 'premier' BlasCymru/TasteWales event due to the Covid-19 pandemic last March. We were able to hold a covid secure hybrid event on the 27th and 28th October 2021. This event was held at the International Convention Centre (ICC) in Newport. The theme of the event was sustainable and food for Future Generations. Initial feedback from all delegates were strongly positive and the initial business brokerage secured £14million in contracts for Welsh businesses. The event demonstrates our clear determination to continue to promote the very best that the Welsh food and drink industry has to offer nationally and internationally and further develop the global reputation of Wales as a sustainable Food Nation.

1.3 Animal and Plant Health Agency (APHA)

Since April 2015 the majority of bovine TB skin tests have been undertaken by private veterinarians via two-contracted Veterinary Delivery Partners (VDP). Procurement rules require the market to be re-tested and new '2nd generation' contracts commenced in July 2021. Re-testing the market has inevitably increased the cost of this significant Wales / England contract.

The budget covers APHA running cost increases, agile TB policy development and delivery required in response to disease prevalence, additional border controls and checks for exotic animal and avian diseases.

Failure to demonstrate effective control on animal disease and biosecurity, including import controls, could undermine the perception, by external trading partners of the assurance of Wales' official controls. This could have an impact on the ability for the UK as a whole to trade with other countries.

1.3.1 Bovine TB Eradication Programme (including Delivery Plan, testing and compensation)

The TB Eradication Programme sets out the Welsh Government's long term vision for the eradication of bovine TB in Wales. The programme is based on the four key principles of infectious disease control: Keep it Out, Find it Fast, Stop it Spreading and Stamp it Out. We have seen good progress since our programme was first established, with long term decreases in incidence and prevalence. Between 2009 and 2020, there was a 48% decrease in new incidents and it is worth reminding ourselves that 94.8% of herds in Wales were TB free at end of June 2021.

As part of its *Programme for Government 2021 - 26* commitments the Welsh Government continues to prohibit the culling of badgers as part of the TB Eradication Programme. Funds continue to be made available to support private vaccination schemes across Wales, whilst assessing the most appropriate, cost effective deployment of the Badger BCG vaccine as a protective measure.

A regionalised approach to TB eradication was launched in 2017 creating Low, Intermediate and High TB Areas and policies have continued to be refined, reacting dynamically to the changing disease picture, whilst responding to the particular challenges resulting from the Covid-19 pandemic

The Minister made a Statement on 16 November on the TB Eradication Programme and also launched a consultation on enhanced measures, seeking views of aspects such as payment for TB affected cattle, TB testing and informed purchasing. The consultation will last 12 weeks with responses due in by 8 February 2022 and will inform a refresh of the TB Eradication Programme.

TB Testing

In Wales a skin test (SICCT) to the neck of cattle is used to identify infected animals. This compares the reactions to the injection of both bovine and avian tuberculin. In general animals that react to the bovine more than the avian tuberculin are considered as skin test reactors.

This is a long established test, and is used worldwide as the main surveillance test for TB control programmes. The test is likely to identify only one 'false positive' animal in every 5000 non-infected cattle tested. But, at best it may only identify 80% of infected animals. There is currently no test, or combination of tests, that will:

- identify all cattle infected with TB; and
- identify all non-infected cattle as negative animals.

An Interferon-gamma blood test is also used in some herds (as a supplementary test) to help identify other infected animals.

In Wales we test:

- each herd every year
- any animal before it moves off farm, except for low risk cattle in the Low TB Area
- any animal moving from a herd outside the Low TB area to a herd in the Low TB Area

We inspect animals at the abattoir to identify any infected with TB, not identified in the testing surveillance programme (they become "slaughterhouse cases" and result in follow up testing in the source herd).

TB compensation

Welsh Government has a statutory commitment to pay TB compensation.

This is a demand lead area of expenditure that is directly linked to the amount of animals slaughtered because of TB. Variables such as the amount of animals slaughtered, market value of each animal and the amount of salvage value applicable to each animal has an effect on the level of expenditure and salvage receipts received.

Animal owners are paid by the Welsh Government for cattle slaughtered because of TB as set out in The Tuberculosis (Wales) Order 2010 (as amended) (The TB Order). This Payment is currently calculated based on the market value of each individual animal. A number of alternative payment options are outlined in the consultation.

Following some negotiation, the European Commission approved the UK TB Eradication Plan for 2019 and associated co-funding of €8.99m to be split between Wales, England and Northern Ireland.

1.4 Animal Health and Welfare

The Wales Animal Health and Welfare Framework sets out our plan for continuing and lasting improvements in standards of animal health and welfare for kept animals, whilst also helping to protect public health and making a contribution to the economy and the environment.

The implementation of the plan is supported and monitored by the Wales Animal Health and Welfare Framework Group. The eight publically appointed members bring a wealth of experience and knowledge and are drawn from a broad range of sectors and areas of expertise.

This plan addresses several key PfG commitments in addition to ongoing Wales-based policy work and UK/GB policy collaborations:

- Develop a national model for regulation of animal welfare, introducing registration for animal welfare establishments, commercial breeders for pets or for shooting, and animal exhibits;
- Improve the qualifications for animal welfare inspectors to raise their professional status;
- Require CCTV in all slaughterhouses; and
- Restrict use of cages for farmed animals.

Ongoing Wales-based policy work:

- Statutory Guidance for the Animal Welfare (Licensing of Activities Involving Animals) (Wales) Regulations 2021;
- Update statutory Guidance for the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014;
- Local Authority Enforcement Project (2020-23);
- Licensing of Animal Exhibits & Animal Establishments;
- Microchipping of Dogs and Cats; and
- Codes of Practice.

UK/GB policy collaborations:

- Animal Welfare (Kept Animals) Bill; and
- Welfare in Transport.

1.5 European Union (EU) Exit and Strategy

The EU Exit & Strategy Unit coordinates, supports and drives ERA's EU exit and transition activities (including operationalisation of new cross-cutting functions and structures). The division also facilitates, co-ordinates and delivers strategic evidence, modelling and their practical application to support ERA's wider policy making. We have responsibility for:

- intergovernmental relations in Environment, Farming and Rural Affairs (EFRA) space;
- strategic evidence, modelling and monitoring to support ERA policy development;
- Northern Ireland Protocol issues, including business readiness for EU transition changes;
- coordination of finalisation of common frameworks including legislative scrutiny ;
- resourcing and capability to ensure WG effectively discharges its responsibilities in relation to circa 3,500 new powers post EU transition; and
- advice on environmental aspects of trade agreements.

1.6 Future Farming Policy and Direct Payments to Farmers

The Land Management Reform Division is responsible for designing a new policy framework and programme to replace the Common Agricultural Policy (CAP) in Wales following the UK's exit from the European Union.

The programme is strategically aligned to key Welsh Government priorities around responding to the climate emergency, reversing the loss of biodiversity and ensuring Welsh farming is sustainable for future generations.

It includes the design of evidence based policy, the development of the underpinning legislative framework and all aspects of stakeholder engagement and business change within the agricultural industry.

1.7 Marine and Fisheries

The Marine and Fisheries Division works to ensure our seas are cleaner, healthier, safer, more productive and biologically diverse. More broadly, its work is about protecting and improving the marine environment, and sustainably managing our diverse fisheries. Their work covers:

- The division has responsibility for a very wide variety of policy areas and is facing a number of policy challenges and opportunities as a consequence of EU exit, including the production of a Joint Fisheries Statement.
- Development of replacement for EMFF. The funding we have received at £2.1m will go some way to support the maritime and fisheries sector, which is particularly vulnerable to changes as a result of our exit from the EU. The funding for fisheries and farm support is reflected in the MEG revenue allocations.
- Welsh Ministers are the competent Fisheries Administration for Wales and the division is responsible for a number of statutory functions in this area – this accounts for approximately two thirds of the divisions work. These functions include Fisheries Control and Enforcement, Domestic and International Fisheries Management, Coastal State Negotiations (determination of fishing opportunities of shared stocks), Fisheries Science, Quota Management.

1.8 Rural Development Programme (RDP)

The Rural Economy and Legislation Division delivers the Welsh RDP which was formally adopted by the European Commission on 26th May 2015, and last modified in December 2021, outlining the priorities of Wales for using the nearly € 977 million of public money that is available for the 7-year period 2014-2020 (€ 651.6 million from the EU budget, including € 288.2 million transferred from the envelope for CAP direct payments, and € 325.4 million of national co-funding).

Through the Rural Development Programme 2014-20 (RDP), which runs until the end of 2023, we are continuing to deliver a wide range of schemes which support priorities within my own portfolio, as well as others. By the end of the programme we will have invested £838m¹ into rural Wales.

The RDP focuses mainly on restoring, preserving and enhancing ecosystems related to agriculture and forestry and enhancing farm viability and competitiveness of all types of agriculture and promoting innovative farm technologies and the sustainable management of forests. With 56% of the support allocated to better management of

¹ Subject to fluctuations in the exchange rate.

natural resources and encouraging climate-friendly farming practices, the aim is to protect 270,000 hectares of farmland through environmental land management targeted to specific biodiversity, water management and soil erosion objectives. The productivity of farming and forestry will be boosted, which will result in economic growth and more jobs. Support will also target tourism and renewable energy as well as improving ICT and broadband infrastructure for about half a million people.

In addition, the programme will promote genuine local economic partnerships and the LEADER approach, covering almost half of the rural population. Moreover, 34,000 training places will be created to foster innovation, knowledge transfer, co-operation, more sustainable farming practices and stronger rural businesses.

1.8.1 Continued agricultural payments ahead of transition to the new scheme – both the Basic Payment Scheme and Rural Development Plan schemes

The Rural Economy and Legislation Division is responsible for co-ordinating the delivery of schemes replacing the RDP. The Welsh Government continues to provide significant funding to farmers, land managers and rural communities. We have signalled our intention to maintain our support for farmers through the Basic Payment Scheme (BPS) in 2022 and 2023. I will consider future levels of BPS funding in due course.

Through the Rural Development Programme 2014-20 (RDP), which runs until the end of 2023, we are continuing to deliver a wide range of schemes which support priorities within my own portfolio, as well as others. By the end of the programme we will have invested £838m² into rural Wales.

As farming businesses and rural industries transition away from support through the RDP we will use resources which are replacing EU funding to invest in our rural communities. For the first time, activity will respond directly to domestic commitments rather than EU priorities. The interventions support the transition to the new farming scheme through:

- maintaining and enhancing activity most closely aligned to sustainable land management principles, where schemes in EU RDP end before the launch of the new farming scheme. This is to ensure continuity of support during the transition period; and
- funding new activity aligned to sustainable land management principles, where this is already enabled through domestic policy.

The revised Programme for Government, following the Labour-Plaid Cymru Co-operation Agreement, reflects the need for sustainability payments for farmers as they transition to a new system of farm support. I have signalled my intention to maintain BPS at the current level 2022 and 2023.

Through the RDP I have extended Glastir agri-environment contracts until the end of 2023 at a total cost of approximately £70m to ensure the gains made through these schemes are maintained, ahead of the introduction of the SFS. These extensions will support our commitments to move to Net Zero and tackle climate change.

² Subject to fluctuations in the exchange rate.

In line with our commitments to significantly increase tree planting, our Glastir Woodland schemes provide capital funding to create and sustainably manage woodlands. The Timber Business Investment Scheme provides finance to private forest owners, local authority or other public sector forest, which can be used for improvements that add value to forests for woodland management activities, timber harvesting and/or timber processing.

The RPW IT platform is expected to support several schemes including; to enable communities to create 30 new woodlands; deliver nature-based flood management in all major river catchments to expand wetland and woodland habitats; and establish a targeted scheme to support restoration of seagrass and saltmarsh habitats. Thereby a number of Programme for Government commitment will be supported, in particular, carbon reduction and biodiversity.

We will target replacement EU funding at farmers and land managers as they transition towards the Sustainable Farming Scheme (SFS) – this will include a focus on environmental improvements, farm scale land management, productivity, and diversification. We will also target landscape scale land management and food supply chains. All of these priorities support PfG commitments.

I will announce more details of future funding plans once I have had the opportunity to consider proposals put forward by my officials.

[1.8.2 Update on discussions with the UK Government about future funding for agriculture support](#)

Discussion with UKG are ongoing, although UKG is still not matching previous levels of agricultural funding provided to Wales by the EU. WG is considering whether to invoke the as yet untested dispute resolution process to try to progress this matter.

1.9 Rural Payments Wales

Rural Payments Wales (RPW) is the largest division in the Welsh Government (with 350 FTE staff) operating as the paying agency for the European Union, among other schemes.

We operate the domestic Basic Payment Scheme and over 30 different schemes under the Rural Development Programme (RDP) and European Maritime and Fisheries Fund (EMFF), with annual payments worth approx. £340m validated and processed to over 17,000 Welsh farmers, fishers, businesses and rural communities every year.

Under the EU Withdrawal Agreement, the RDP and EMFF programmes will operate under EU law in the UK until December 2023 and continue to be administered by RPW.

An RPW Change Programme has been set up to formally and compliantly close the CAP and EMFF programmes in Wales whilst simultaneously planning and implementing the transition from EU programmes to the new schemes to be introduced under Welsh Government policies as set out in the Welsh Agricultural Bill and Fisheries Bill.

1.10 Minister for North Wales and Chair of the Standing Committee for Cabinet on North Wales

As the Minister for North Wales, I am determined to ensure that North Wales has a strong, fair and bright future that leaves no one behind. Our government has been working steadfast to bring forward a series of exciting developments for the region, from investment into our national parks and AONBs, through to the establishment of a North Wales medical school, to targeted interventions that help to address the challenges we have faced as a result of the pandemic. I'm excited about the future of North Wales and the developments to come.

In my role as Chair of the Standing Committee for Cabinet on North Wales, I lead the Committee and its members in the consideration of such matters relating to sustainable and inclusive social and economic development, post-pandemic recovery, and improving the health and quality of life of Welsh citizens in North Wales.

2. Withdrawal from the European Union

2.1 Agricultural Policy (including the proposed Sustainable Farming Scheme for Wales)

The UK Government has adopted the same methodology to replacement EU funding in this Spending Review as they did this year (2021/22). We disagree with this approach, which nets off outstanding EU spending. It led to a shortfall in expected funding of £137m this year, and the same approach will see Wales receive at least £106m less than expected over the period of this Spending Review. Along with her counterparts in the Scottish Government and the Northern Ireland Executive, the Minister for Finance and Local Government has written to the Chief Secretary of the Treasury outlining our objections to this approach.

2.2 Bovine TB eradication

It has been confirmed by DEFRA that the UK Government has decided not to participate (as a third country) in the EU's Single Market Programme from 2021. This means there will be no opportunity for further EU funding for the UK Bovine TB Eradication Programme after 31 December 2021. The final payment of £1.09m EU funding was received in August 2021, this relates to the 2020 Eradication Programme.

Current bovine TB policy is driven by a European Union framework, formed by legislation (77/391/EEC and 78/52), which requires Member States to develop eradication programmes in order to accelerate, intensify or carry through the eradication of bovine TB.

Our Eradication Programme is reviewed on an annual basis as part of the submission of the UK TB Eradication Plan to the EC and has received endorsement by the EC for nine years running.

The UK Plan covers Wales, England and Northern Ireland. Scotland achieved Officially TB Free Status. Council Directive 64/432/EEC states that a Member State or

part of a Member State may be declared officially tuberculosis-free if it meets the following conditions:

- The percentage of bovine herds confirmed as infected with tuberculosis has not exceeded 0.1 % per year of all herds for six consecutive years.
- At least 99.9 % of herds have achieved officially tuberculosis-free status each year for six consecutive years.
- The calculation of this latter percentage to take place on 31 December each calendar year.

After leaving the European Union, we will not be relaxing the controls we are currently implementing. As we progress towards eradication it is highly likely that we will need to implement more stringent measures in order to further bear down on disease.

Welsh Government colleagues have provided the EU Finance Task & Finish Group with details relating to the historic level of EU funding that TB received from the EU (approximately £3 – 4m per financial year) in an attempt to ensure that Welsh Government receive this level of funding from HMT post EU transition. Defra have confirmed that there is no additional funding agreed from HMT, and that spending reviews with treasury would need to try to account for this.

Historically, EU funding has been capped at €31m for the UK. For 2017 the EU allocated the UK €27.64m in funding and for 2018, 2019 and 2020 this amount has been further reduced due to reprioritisation of funding within the EC. The history of funding can be seen in the table below.

Following some negotiation, the European Commission approved the UK TB Eradication Plan for 2020 and associated co-funding of €3.00m to be split between Wales, and Northern Ireland. We expect to receive the final instalment of £1.13m EU funding in late 2021, this will relate to the 2020 Eradication Programme.

It has been confirmed by DEFRA that the UK Government has decided not to participate (as a third country) in the EU's Single Market Programme from 2021. This means there will be no opportunity for further EU funding for the UK Bovine TB Eradication Programme after 2021

2.3 Fisheries Policy (including the delivery of a Joint Fisheries Statement and Fisheries Management Plans)

We have a statutory commitment to deliver a Joint Fisheries Statement (JFS), with the other UK administrations, which will set out our policies to achieve, or contribute to the achievement of, the UK Fisheries Objectives. The Objectives reflect the cornerstone of good fisheries management and therefore a large proportion of our existing policies and future strategic approach will deliver against them. The majority of fisheries management is devolved and implementation of JFS policies will be taken forward by each fisheries policy authority in line with the devolved settlements. The JFS will set out a list of Fisheries Management Plans (FMPs), to be delivered over the lifetime of the first Statement. All necessary impact assessments will be carried out during the development of any new policies over the lifetime of the JFS, including for the development of the Fisheries Management Plans.

Some of these FMPs will be joint approaches with other Administrations to reflect the geographic extent of the particular fish stocks. Others will be regional Wales plans and will reflect and support the considerations I am undertaking in relation to our own policy aims and ambitions.

I will be seeking views on the specific proposals and timings for publication of FMPs through the JFS public consultation in January. The JFS will also be subject to scrutiny in the Senedd in the New Year also. The JFS must be published within two years of royal assent of the Fisheries Act 2020, by 23 November 2022

2.4 Post-Brexit Food and Drink Strategy

Welsh Government's strategic vision for the food and drink manufacturing and processing industry was published on 29 November 2021 and is to create a strong and vibrant industry with a global reputation for excellence, having one of the most environmentally and socially responsible supply chains in the world. It is focussed on goals to:

- generate business growth and raise productivity;
- to spread Fair Work for employees;
- to reach higher levels of environmental sustainability; and
- to raise and promote the industry's reputation and professional standards.

The approach builds on the work achieved over the last decade, recognises the disruption of EU-Exit and Covid-19, and is predicated on a partnership with businesses and stakeholders in which Welsh Government support will increasingly be conditional on shared values and actions.

The industry operates within a context of socio-economic issues such as the heightened concern to address the environmental and health impacts of food production and diet, a changed UK trading environment, the urgent need to decarbonise and minimise waste and environmental impact. With businesses located across Wales, the food and drink industry is part of a foundational economy and integral to supply chains which connect, in some sectors, to Welsh farming and fishing, and to retail, wholesale and the service sector where the industry's product offer is increasingly valued by consumers and is a USP for tourism.

Welsh Government intervention will focus on ten main areas:

- basing decisions about policy and support on evidence, using research, evaluation and market insight to inform and guide, and assisting businesses and stakeholders to develop knowledge capability to help themselves;
- growing stronger businesses which can sustainably grow and have market leading productivity;
- building networks, driving collaboration through networks, clusters, integrated with technical support, to spread best practice and find opportunities to add value;
- tackling systemic weaknesses such as supporting small businesses to become medium, and medium to become large, improving the infrastructure of business premises, aggregators and wholesalers and connecting these to create strong, local networks and supply chains.

- providing strong technical back-up, building on the success of Food Innovation Wales;
- finding and exploiting opportunities in the UK market, furthering our Retail Plan, making inroads into the service and wholesale sectors, and seizing the opportunities of growing Direct to Consumer sales channels;
- increasing our exports and using our products and businesses to showcase Wales, with Blas Cymru our flagship event to champion the industry to a UK and international audience;
- building a strong brand, focussing on products and businesses which represent the best of Wales, expanding our Protected Food Names family;
- attracting investment into businesses and our food infrastructure;
- ensuring our support is leverage for driving the Welsh Government's core priorities such as for sustainability, prosperous communities, decarbonisations, and fair work.

Complementing our industry strategy we have commenced work on a Community Food Strategy which we envisage will guide and empower grass roots activity and interest in food. Through capacity building we aim to localise food supply chains where that is practicable.

2.5 Sufficient staffing resource for the development of policies and legislation associated with Brexit

Welsh Government has nominally recruited to deal with critical new areas of work arising from the UK's withdrawal from the European Union - for example preparing our borders. However, this is about more than staff resource. It is also about how we adapt and continue to respond to a completely new way of working for Wales, our role in the UK and our engagement with the EU and other trading nations. For example, the Minister for Climate Change and I are part of a formal Inter-Ministerial group with UK Government (Defra), SG and NIE, in which we now have to agree how we work together to further policy where powers have flowed back from the EU.

This work is supported by a series of common frameworks which will be scrutinised by committee after upcoming publication. These set arrangements for how we come together across the UK in subject areas. Furthermore, the machinery of the EU TCA is still evolving and requiring us to think differently about how we respond, in the same way as we need to understand an evolving trading environment.

3. Legislation

We will introduce an Agriculture Bill in the first year of the Senedd. This will be an ambitious piece of legislation reforming decades of EU farm support and represents a significant change to the sector. The Bill will focus on the key areas needed to support farmers in the coming years and, crucially, establish a new system of farm support based on the principles of Sustainable Land Management.

Alongside the legislation, we will publish an outline of the proposed Sustainable Farming Scheme. This will not be the final Scheme, but it will include detail on the structure and the specific actions which we are proposing farmers will be asked to undertake. The actions in the Scheme will have undergone a range of analysis to

estimate the economic cost to the farm business of undertaking them and the resulting environmental benefits. This will allow us to have detailed conversations with farmers on the proposals and test our thinking. This will be facilitated through our second phase of co-design. We will also launch a range of interventions which will help both prepare the ground for the new scheme and pilot the process which will be used to deliver it. The budget allocation supports this activity.

4. Preventative Spend

4.1 Details of the proportion of portfolio budget allocated to preventative spending measures and how this has increased compared to last year's budget.

Funding allocated to the RDP and replacement funding is preventative – targeting agri-environment improvements through Glastir; improved productivity and viability of businesses through BPS, the Food Business Investment Scheme, and the Rural Business Investment Scheme; the creation and restoration of woodland; and many other schemes being delivered and being developed.

We have maintained the match funding element of RDP through to the end of the programme, ensuring we will spend all of the resources available to us. All of the replacement funding provided by the UK Government is being transferred to my budget, which will be used to support transition to SFS and for other Programme for Government priorities.

4.2 Details of which specific policies or programmes in the portfolio are intended to be preventative.

RDP and replacement capital funding programmes are designed in such a way to promote sustainable practices and drive reduction in carbon emissions (and therefore work to prevent the impact of climate change). For example, through the Sustainable Production Grant, delivered through the RDP, grants range from £12,000 to £50,000 as a maximum 40% contribution to project costs. The items supported will include, amongst other things, covered and uncovered slurry storage and management equipment. This will give more farmers the opportunity to take the lead in tackling agri-pollution to improve water, soil and air quality.

5. Evidence-based policy making

5.1 An explanation of how you have used evidence in prioritising your draft budget allocations and how you will monitor and evaluate programmes to ensure they provide value for money and inform future budget setting processes.

The Welsh environment underpins the agriculture, fisheries, tourism and forestry sectors, and is of importance to other policy areas including health and well-being, energy and infrastructure. In order to inform the development of policies that build social, economic and environmental resilience and to evaluate programme implementation we are investing annually in the Environment & Rural Affairs Monitoring and Modelling Programme (ERAMMP).

ERAMMP is delivering a programme of environmental monitoring and modelling; it collects and assimilates data, undertakes analysis and modelling and supplies policy teams, NRW and stakeholders with targeted evidence.

With regards to the Rural Development Plan (RDP), I acknowledge the importance of the evaluation of the current Programme to provide an evidence base for any future arrangements. The evaluation plan for the current RDP was formally agreed with the European Commission as part of the Programme approval, the evaluation plan and delivery against this is a mandatory component of the Programme.

I will ensure robust monitoring and evaluation are put in place to assess the impact and effectiveness of schemes to be delivered with replacement funding, which are currently being developed. We will seek to learn from the monitoring and evaluation framework in place for RDP funding. Value for money will be cornerstone of all evaluation.

[5.2 Details of how the development of the draft budget has been informed and influenced as a result of consultation with stakeholders.](#)

6. Well-being of Future Generations Act

6.1 How the Act has informed decisions on specific budget allocations

My draft budget preparations shows how I have sought to reflect the framework of the Wellbeing of Future Generations Act in setting our spending priorities. We reviewed current trends and future projections and their potential impacts in the short, medium and longer term. We did this to ensure, as far as possible, that short term responses do not have longer term detrimental impacts.

Through the Sustainable Management Scheme (SMS) we are supporting collaborative landscape-scale projects delivering action that improves our natural resources in a way that delivers benefits to farm and rural businesses and rural communities. It will also support and facilitate co-ordination with other schemes to undertake the vital action needed to improve the resilience of farm and rural businesses and rural communities to climate impacts. The SMS is designed to support the delivery of our commitment to sustainable development as set out in the Well-being of Future Generations Act. The need to tackle inter-generational challenges, such as climate change and declining biodiversity, means that interventions and actions need to be undertaken to enable Wales to grow, to improve resilience and to manage our natural resources sustainably and efficiently.

All replacement funding for rural development will need to align with the priorities for the sustainable management of natural resources. These priorities are framed around the ways that natural resources can support our well-being goals and address both the risks to the environment and the social and economic benefits they provide.

6.2 How has the impact assessment process has influenced the development of the draft budget, including examples of where a decision has been assessed against the Welsh Government's well-being objectives

After reviewing the key changes above, a number of key programmes were subject to Integrated Impact Assessments covering equality, Welsh language and Children's Rights. Integrated impact assessments are mainstreamed into policy setting as well as budgetary decisions.

I am pleased to note we've not made any budget reductions in this draft budget, and so any impact assessments were carried out on a number of new budget and policy initiatives. All of the schemes and projects we will take forwards have been assessed through the lens of our well-being objectives, and all will need to undertake impact assessments to secure funding.

The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.

7. Equality, Welsh language and children's rights assessment

7.1 Impact of the draft budget on groups with protected characteristics and the Welsh language, including details of any relevant impact assessments

The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.

7.2 How children's rights have been considered in the budget decisions for the portfolio

Wales is the first country in the UK, and one of only a few countries in the world, to enshrine the United Nations Convention on the Rights of the Child (UNCRC) into domestic law with the Rights of Children and Young Persons (Wales) Measure 2011.

The duties within the Measure are implemented in two stages and place duties on Welsh Ministers to give balanced consideration to the rights in the UNCRC:

- and its optional protocols when formulating or reviewing policy and legislation; and
- when they use all their legal powers or duties.

Across my portfolio, each member of staff is required to consider how their work affects children's rights, and this process has informed the Integrated Impact Assessment. No significant impacts on children's rights have been identified in the setting of this budget.

8. Budget

8.1 Details of the evidence base for budget decisions.

We are committed to delivering a strategic approach to Fisheries, working with stakeholders. A clear focus will be on delivery of sustainable fisheries, managed in

an adaptive way, for which we have budget allocated for in the financial year. I intend to work with stakeholders to establish the priorities for delivery.

A key enabler will be the underpinning of our strategic approach by a clear plan for investment in our seafood sector, and crucial to this investment will be the support we provide through a replacement to the EMFF scheme. We will design and develop a funding scheme, which will help us to deliver our strategic goals.

The JFS must be published within two years of royal assent of the Fisheries Act 2020, by 23 November 2022. FMP and policy development associated with the JFS will be managed and prioritised within existing DRC and budget allocation for financial year 2022-23.

The Environment & Rural Affairs Monitoring and Modelling Programme (ERAMMP) is supporting the development of the proposed Sustainable Farming Scheme (see para 5.1). In addition, the work estimating the economic effects of the proposed Scheme is being undertaken by a consortium of academics and consultants led by ADAS. This work represents an independent assessment of the economic effects of our proposals. The work is estimating the economic effects of key actions that we anticipate will form an important part of the proposed Scheme. These actions include habitat management; woodland management and creation; and land and nutrient management.

[8.2 Details of the processes in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action to get the budget back on track or allocating additional funds to cover any shortfall](#)

All budgets continue to be monitored and challenged on a monthly basis during 2021-22 and will continue in 2022-23, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for the MEG to ensure that budgets remain on track to deliver my priorities. We maintain very close monitoring to ensure funding is being invested where best needed whilst supporting our priorities – in the right place, at the right time. Governance arrangements and structures remain in place around the COVID-19 pandemic.

[8.2 How the draft budget provides for the implementation of legislation passed in the Senedd, as well as any relevant UK legislation.](#)

WG have committed to introducing the National Minimum Standards (NMS), Sustainable Farming Scheme (SFS), and Civil Sanction (CS) within the Agricultural White Paper and have two Bills scheduled within this term. These policies, while there is a link, are distinct policies which stand on their own. NMS provides a regulatory baseline that applies to all farmers, SFS allows WG to support those who exceed this baseline, and CS provides a range of proportional enforcement tools for those who fall below the baseline.

Delivering this strategy will both meet Ministerial commitments and ensure a joined-up and consistent agricultural policy.

3.0 Budget Structure

Summary of Budget Changes

The table below provides an overview of the plans summarised at a high level by business area for the Rural Affairs MEG.

The total revenue budget is summarised in Table 1 below:

TABLE 1: Overview of the Resource Budget										
	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Revenue										
Agriculture, Food & Fisheries	295,612	300,212	4,600	2%	363,212	63,000	21%	385,212	22,000	6%
Protect and Improve Animal Health & Welfare	31,699	41,499	9,800	31%	41,499	0	0%	41,499	0	0%
Rural Affairs Monitoring and EU Exit Strategy	2,834	3,434	600	21%	3,434	0	0%	3,434	0	0%
Sub Total	330,145	345,145	15,000	5%	408,145	63,000	18%	430,145	22,000	5%
Non Cash										
Agriculture, Food & Fisheries	11,554	10,817	-737	-6%	10,817	0	0%	10,817	0	0%
Sub Total	11,554	10,817	-737	-6%	10,817	0	0%	10,817	0	0%
TOTAL	341,699	355,962	14,263	4%	418,962	63,000	18%	440,962	22,000	5%

The total capital budget is summarised in Table 2 below:

TABLE 2: Overview of the Capital Budget										
	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
General Capital										
Agriculture, Food & Fisheries	14,456	37,200	22,744	157%	37,200	0	0%	37,000	(200)	-1%
Rural Affairs Monitoring and EU Exit Strategy	150	0	(150)	-100%	0	0	0%	0	0	0%
TOTAL	14,606	37,200	22,594	155%	37,200	0	0%	37,000	(200)	-1%

3.1 Resource

The increase in the resource budget of £100m over the next three financial years is set out in Table 3 below:

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Total £'000
Additional Allocations				
Replacement Farm Funding	0	63,000	22,000	85,000
TB Compensation	5,000	0	0	5,000
Other PfG Pressures (made up of below)	10,000	0	0	10,000
Animal Health	4,800	0	0	4,800
Additional to Support SFS	3,350	0	0	3,350
Food Community Strategy	1,850	0	0	1,850
Total Fiscal Resource Movements	15,000	63,000	22,000	100,000

In 2022-23 the Revenue budget increases by £15m against the 21-22 baseline. The £5m allocation supports my statutory obligations to fund TB compensation, which I have been managing as a pressure in previous years across my MEG. The other baseline allocations are to support Animal Health & Welfare and support the delivery of the commitments in the Co-operation Agreement with Plaid Cymru.

The Farm funding replacement from the UK is direct EU replacement funding received for BPS and the RDP (if we remained in the EU) and therefore the available budget for farm funding has not increased.

Capital

The capital budget allocations of £37m per annum is set out in Table 4 as follows:

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Total £'000
Allocations				
General Capital				
Livestock Identification and Movement	1,000	1,000	1,000	3,000
Marine & Fisheries	200	200	0	400
Rural Payments Wales IT	6,000	6,000	6,000	18,000
WG Rural Communities - RDP	9,500	9,500	0	19,000
WG Rural Communities - RESP	20,500	20,500	30,000	71,000
Total Capital Allocations	37,200	37,200	37,000	111,400

1.0 Agriculture, Food & Fisheries – FUNDING OF ACTIONS

	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Agriculture, Food & Fisheries										
Revenue	295,612	300,212	4,600	2%	363,212	63,000	21%	385,212	22,000	6%
Non Cash	11,554	10,817	(737)	-6%	10,817	0	0%	10,817	0	0%
Capital	14,456	37,200	22,744	157%	37,200	0	0%	37,000	(200)	-1%
TOTAL	321,622	348,229	26,607	8%	411,229	63,000	18%	433,029	21,800	5%

The detailed breakdown of Actions by BEL activity is explained in the following sections.

Develop and deliver overarching policy and programmes on Agriculture, Food and Marine

Develop and deliver overarching policy and programmes on Agriculture, Food and Marine BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Agriculture Strategy (2829)	400	650	250	63%	650	0	0%	650	0	0%
Local Authority Framework Funding (2831)	200	200	0	0%	200	0	0%	200	0	0%
Agriculture Customer Engagement (2860)	400	400	0	0%	400	0	0%	400	0	0%
County Parish Holdings Project (2861)	500	500	0	0%	500	0	0%	500	0	0%
EID Cymru (2862)	2,639	2,639	0	0%	2,639	0	0%	2,639	0	0%
Livestock Identification (2863)	1,647	1,647	0	0%	1,647	0	0%	1,647	0	0%
Technical Advice Services (2864)	358	358	0	0%	358	0	0%	358	0	0%
Commons Act (2866)	433	433	0	0%	433	0	0%	433	0	0%
Total Revenue	6,577	6,827	250	4%	6,827	0	0%	6,827	0	0%

Develop and deliver overarching policy and programmes on Agriculture, Food and Marine BEL's CAPITAL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
EID Cymru (2862)	2,100	0	(2,100)	-100%	0	0	0%	0	0	0%
Livestock Identification (2863)	0	1,000	1,000	0%	1,000	0	0%	1,000	0	0%
Commons Act (2866)	1,200	0	(1,200)	-100%	0	0	0%	0	0	0%
Total CAPITAL	3,300	1,000	- 2,300	-70%	1,000	0	0%	1,000	0	0%

The Technical Advice Services BEL (2864) supports the delivery of a range of statutory duties, policy development and support services in relation to agriculture and the environment including, but not limited to, TB valuations, Environmental Impact Assessment (EIA) Agriculture Regulations, Agricultural Land Classification, plant health, Agricultural Land Tribunals, Agricultural Wages, the Agricultural Advisory Panel for Wales and the Control of Agricultural Pollution Regulations.

BEL 2831 Funding is allocated to Welsh Local Authorities via the Heads of Trading Standards to deliver targeted and additional animal health and welfare enforcement activities via a local authority agreed Partnership Development Plan. The Plan delivers outcomes over and above the local authorities' statutory responsibilities as well as outcomes to improve animal health and welfare standards and the prevention of, and a more efficient response to, any animal disease outbreak. This contributes to the mitigation of the significant expense and resource pressures for government and industry of such an outbreak.

BEL 2860 This budget is the key mechanism for communicating and engaging with farming customers and the wider industry on Welsh Government administered schemes, policies and initiatives including the production of hard-copy updates to all BPS claimants and supporting farmers to become compliant with the Control of Agri Pollution Regulations.

The budget also supports activities associated with the mental health and wellbeing of farmers including the Wales Farm Support Group and the continued promotion of FarmWell Wales.

The budget covers direct funding to the Royal Welsh Agricultural Society as well as other show Societies across Wales. Funding towards the implementation of recommendations from an independent review of the resilience of agricultural shows in response to Covid 19 will be supported from this budget.

BEL 2861 - The allocation funds the CPH Project, which is rationalising and cleansing the CPH landscape in Wales. The allocated budget (£200,000) will ensure RPW continue to administer and develop the current IT platform with the other £300,000 being needed to support case work and other costs associated with the changing of CPH numbers for example amending APHA records

BEL 2862 EIDCymru is the sheep movement database for Welsh farmers, which meets the standards as set out in European Council Regulation 21/2004 where there is a requirement for member states to establish the basis for a European system to identify and record movements of sheep, goats and deer. Non-compliance with these regulations could lead to infraction and impact on future post EU exit trade agreements. EIDCymru provides increased traceability, helping to mitigate against the significant expense to both government and industry of an animal sheep disease outbreak.

CAP administration and making Payments in accordance with EU and WAG rules

CAP administration and making Payments in accordance with EU and WAG rules BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Agriculture EU Pillar 1 Direct Payments (2787)	238,000	238,000	0	0%	238,000	0	0%	238,000	0	0%
Single Payment Scheme Administration (2790)	6,694	9,194	2,500	37%	9,194	0	0%	9,194	0	0%
Total Revenue	244,694	247,194	2,500	1%	247,194	0	0%	247,194	0	0%

CAP Administration and making payments according to EU and WG rules BEL's CAPITAL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Common Agriculture Policy IT (2789)	1,505	6,000	4,495	299%	6,000	0	0%	6,000	0	0%
Total CAPITAL	1,505	6,000	4,495	299%	6,000	0	0%	6,000	0	0%

BEL 2787 Direct Payments are 100% Domestic funded Common Agricultural Programme payments. Payments are made directly to farmers who use the money to meet their business and other expenses. Payments for 2021 will be made in October (advance) and December (balances) Direct Payments for Farmers (Legislative Continuity) Act 2020 (c.2),

BEL 2790 RPW ICT systems comprises three main components:

- **CAPIT:** A rules bases application validation and payment system.

- **Scheme Editor:** A Geographical Information System (GIS) based Land Parcel Identification System (LPIS) used to map all land farmed and claimed in Wales either for BPS or Glastir
- **RPW Online:** An online portal for farmers (claimants) to apply and claim for various CAP and RDP schemes. This system supports a 100% digital service within RPW.

Rural Economic and Sustainability Programme

Rural Economic and Sustainability Programme BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Economic and Sustainability Programme (2833)	6,880	6,880	0	0%	79,200	72,320	1051%	118,382	39,182	49%
Total Revenue	6,880	6,880	0	0%	79,200	72,320	1051%	118,382	39,182	49%

Rural Economic and Sustainability Programme BEL's CAPITAL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Economic and Sustainability Programme (2833)	0	20,500	20,500	0%	20,500	0	0%	30,000	9,500	46%
Total CAPITAL	-	20,500	20,500	#DIV/0!	20,500	0	0%	30,000	9,500	46%

The purpose of this BEL is to support the development of a domestic rural development programme from 2024, and develop and implement transitional schemes for farmers and land managers from 2021 to 2024 through EU Replacement Funding. The funding will provide programme support to develop the longer term programme. The outcomes and performance measures for schemes being developed through EU replacement funding will be developed at programme and scheme level.

Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20

Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20 BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Development Plan 2014-20 (2949)	26,502	26,502	0	0%	17,182	(9,320)	-35%	0	(17,182)	-100%
Total Revenue	26,502	26,502	0	0%	17,182	(9,320)	-35%	0	(17,182)	-100%

Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20 BEL's CAPITAL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Development Plan 2014-20 (2949)	9,418	9,500	82	1%	9,500	0	0%	0	(9,500)	-100%
Total CAPITAL	9,418	9,500	82	1%	9,500	0	0%	-	(9,500)	-100%

BEL 2949 - The Welsh Government Rural Communities – Rural Development Programme 2014-2020 is a 7 year investment programme supporting a wide range of activities.

Evidence based development for Rural Affairs

Evidence based development for Rural Affairs BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Research & Evaluation (2240)	520	520	0	0%	520	0	0%	520	0	0%
Total Revenue	520	520	0	0%	520	0	0%	520	0	0%

This BEL funds important research and evaluation activity in relation to Welsh agriculture. This comprises two strands:

- 1) The Farm Business Survey (FBS) is an annual survey of farm businesses in Wales. It is conducted with the primary purpose of collecting detailed physical and financial data about the economic position of farm businesses throughout Wales. The survey is the primary source of information on the economics of farm businesses. The survey provides evidence on the levels of income in different agricultural sectors in Wales, financial performance, and farms' financial situation (assets, liabilities, net worth). For example, the Farm Business Survey is the source of the commonly quoted figure: on average, 80% of Welsh farmers' income derives from the Basic Farm Payment.
- 2) The FAPRI-UK economic modelling research project involves the development and maintenance of an economic modelling system which captures the dynamic inter-relationships among the variables affecting supply and demand in the main agricultural sectors of Wales, England, Scotland and Northern Ireland. The FAPRI-UK research project will provide a key source of evidence on domestic agriculture policy.

Fisheries and aquaculture including the enforcement of Welsh Fisheries

Fisheries and aquaculture including the enforcement of Welsh Fisheries BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Fisheries Schemes (2830)	2,215	2,215	0	0%	2,215	0	0%	2,215	0	0%
Fisheries (2870)	3,024	3,024	0	0%	3,024	0	0%	3,024	0	0%
Total Revenue	5,239	5,239	0	0%	5,239	0	0%	5,239	0	0%

Fisheries and aquaculture including the enforcement of Welsh Fisheries BEL's CAPITAL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Fisheries Schemes (2830)	233	200	(33)	-14%	200	0	0%	0	(200)	-100%
Total CAPITAL	233	200	(33)	-14%	200	0	0%	0	(200)	-100%

BEL 2830 - This BEL supports the co-financing of the European Maritime and Fisheries Fund (EMFF) which offers financing to industry and directly to Welsh Government to implement the revised Common Fisheries Policy through the development of sustainable fisheries and aquaculture. The scheme combines data collection, integrated maritime policy and control / enforcement funding elements directly to Welsh Government. The EMFF is a UK fund with a core allocation of €145m. The intra UK split was agreed, following negotiations between the UK Administrations at both Ministerial and senior official level.

BEL 2870 covers funding for the following;

- **Marine Biodiversity** working with the eNGOs to develop a short term recovery plan which leads to a longer term programme of restoration
- **Marine Planning (inc Renewables)** To support implementation of the Welsh National Marine Plan and compliance with statutory duties under the Marine and Coastal Access Act 2009, specialist technical support is provided by the Centre for Environment, Fisheries and Aquaculture Science (CEFAS) to the marine planning project. The £168,000 budget is an existing, signed contractual obligation for CEFAS staff to provide this support.
- **Fisheries Science and Evidence**
- **Fisheries Digital Systems** – Digital fisheries management systems include a range of IT systems for catch recording, vessel monitoring, recording fisheries and marine licence inspections, fish sales records and health and safety systems for enforcement officers.
- **Domestic Fisheries Policy** The Domestic Fisheries Policy and Management Branch will continue to meet statutory obligations to manage permitted fisheries and deliver longstanding commitments to introduce secondary legislation for fisheries. This work will ensure our fisheries are sustainable by protecting the environment whilst, at the same time, maximising the economic and social benefits of fisheries to Wales.
- **Marine & Fisheries Trade** - core funding for Welsh Fisherman's Association (WFA)
- **Control & Enforcement** -The Control and Enforcement budget covers all operational costs around Control and Enforcement staff, Fisheries Patrol Enforcement Team and Fisheries Patrol Vessels including maintenance, fuel and insurance.

- **Stakeholder Engagement** - Marine and Fisheries has two overarching stakeholder groups. Wales Marine and Fisheries Advisory Group (WMFAG) has a publicly appointed chair and represents the Fisheries sector. The Wales Marine Action and Advisory Group (WMAAG) has a contractual facilitator and represents the marine sector. Costs are contractual obligations with remaining funds for venue hire, catering and associated subsistence costs.

Developing and Marketing Welsh Food and Drink

Developing and Marketing Welsh Food and Drink BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Promoting Welsh Food and Industry Development (2970)	5,200	7,050	1,850	36%	7,050	0	0%	7,050	0	0%
Total Revenue	5,200	7,050	1,850	36%	7,050	0	0%	7,050	0	0%

BEL 2970 funds programmes across the food spectrum, leveraging financial resources from wider Welsh Government including RDP, EFF, ERF and a number of smaller initiatives as well as external funding sources such as Growth Deals;

- support business survival and resilience post Covid-19 and EU exit by leveraging funds to support food sector growth, working with retailers to encourage increased Welsh food and drink product listings, helping to secure an increased online presence of Welsh producers and promotion activities to increase the Welsh food manufacturing's share of supply into the food service sector, tourism and the public sector; and
- promote the Welsh food industry through international events and networks designed to increase inward investment.

Protect and Improve Animal Health & Welfare – FUNDING OF ACTIONS

Protect and Improve Animal Health & Welfare	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Revenue	31,699	41,499	9,800	31%	41,499	0	0%	41,499	0	0%
TOTAL	31,699	41,499	9,800	31%	41,499	0	0%	41,499	0	0%

The detailed breakdown of Actions by BEL activity is explained in the following sections.

Support and Delivery of the Animal Health and Welfare programme / strategy

Support and Delivery of the Animal Health and Welfare programme / strategy BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Animal Health & Welfare Framework (2270)	108	1,108	1,000	926%	1,108	0	0%	1,108	0	0%
Total Revenue	108	1,108	1,000	926%	1,108	0	0%	1,108	0	0%

This budget covers a range of Government expenditure on animal health, welfare, disease prevention and control as well as surveillance and proactive management/contingency planning for exotic diseases. It includes on-going support to the Wales Animal Health and Welfare Framework Group and the Antimicrobial Resistance (AMR) in Animals and the Environment Delivery Group. This enables us to work in partnership with industry to raise standards of animal health and welfare, promote the responsible use of antibiotics and take effective action to manage animal disease outbreaks.

Management and delivery of TB Eradication and other Endemic Diseases

Management and delivery of TB Eradication and other Endemic Diseases BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Animal and Plant Health Agency (2271)	15,281	18,281	3,000	20%	18,281	0	0%	18,281	0	0%
TB Slaughter Payments Costs & Receipts (2272)	8,810	13,810	5,000	57%	13,810	0	0%	13,810	0	0%
TB Eradication (2273)	7,500	8,300	800	11%	8,300	0	0%	8,300	0	0%
Total Revenue	31,591	40,391	8,800	28%	40,391	0	0%	40,391	0	0%

The majority of funding supports the delivery of the Animal and Plant Health Agency (APHA) services in Wales. The funding helps safeguard animal health and welfare as well as public health, enhances food security through research, surveillance and inspection.

The majority of funding is to meet costs of delivery services provided by APHA including contribution to GB wide APHA surveillance activity. Funding is also provided for the statutory work undertaken by Food Standards Agency and funding to cover statutory TSE compensation payments should need arise.

The large proportion of APHA activity implements statutory requirements and Welsh Government policy relating to the TB Eradication Programme (in addition to BEL 2273) as well as applying controls to ensure the protection of human health and the human food chain.

The budget is in place to mitigate:

- The failure to take effective action in the event of an exotic animal disease outbreak has wider repercussions given that the Welsh Government has contingent (financial) liability for unbudgeted costs in those circumstances e.g. cost to Government in Wales was estimated at around £100m in the 2001 Foot and Mouth Disease Outbreak when it was a non-devolved issue. In today's terms that cost could be significantly more without estimating damage to industry and

tourism in Wales where there would be a severe detrimental impact to household incomes.

- The failure to demonstrate effective control on animal disease could undermine future negotiations on a single market where requirements for having in place animal disease controls at least equivalent to other Members States may be a position heavily emphasised as part of any trade agreement with the European Community.

Reductions in levels of animal disease control will impact on current and future UK trade negotiations as the UK will be expected to be able to demonstrate levels of control at least equivalent to European Member States.

BEL 2272 is a 'demand led' budget and as previously mentioned the Welsh Government has a statutory duty to pay TB compensation. The amount of animals removed and therefore the pressure on this budget is inextricably linked to the progress of TB Eradication and the TB Eradication Programme budget (BEL 2273). Any interruption to eradication policies may result in disease spread, which in turn is likely to result in increased TB Compensation spend. If overspends occur there would be a consequence on wider OCVO and ESNR budgets, as these may also be called on to offset any overspend as seen in previous years.

BEL 2273 This budget covers a statutory commitment to the UK TB Eradication Plan. This BEL supplements the activity undertaken by our delivery partner The Animal and Plant Health Agency (APHA) to deliver TB policies, including annual testing, and initiatives and projects such as Cymorth TB and epidemiological work to help underpin the evidence and approach to the TB Eradication Programme. This work is partly funded by this BEL and also by BEL 2271 (Animal Health and Welfare Delivery and Payments).

Rural Affairs Monitoring and EU Exit Strategy - FUNDING OF ACTIONS

Rural Affairs Monitoring and EU Exit Strategy	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Revenue	2,834	3,434	600	-21%	3,434	0	0%	3,434	0	0%
Capital	150	0	(150)	100%	0	0	0%	0	0	0%
TOTAL	2,984	3,434	450	15%	3,434	0	0%	3,434	0	0%

The detailed breakdown of Actions by BEL activity is explained in the following sections.

Rural Affairs Monitoring, EU Exit Strategy

Rural Affairs Monitoring and EU Exit Strategy BEL's REVENUE	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Strategy & Government Relations (2816)	2,834	3,434	600	21%	3,434	0	0%	3,434	0	0%
Total Revenue	2,834	3,434	600	21%	3,434	0	0%	3,434	0	0%

Rural Affairs Monitoring and EU Exit Strategy BEL's CAPITAL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Strategy and Government Relations (2816)	150	0	(150)	-100%	0	0	0%	0	0	0%
Total CAPITAL	150	0	(150)	-100%	0	0	0%	0	0	0%

This BEL supports the EU Exit and Strategy Unit. The EU Exit & Strategy Unit (EESU) was created to coordinate, support and drive our exit from the EU and transition activities. The Unit works across the Climate Change and Rural Affairs portfolios, to facilitate, co-ordinate and deliver strategic evidence, modelling and their practical applications to support the portfolios' wider policy making. With the completion of a comprehensive trade agreement with the EU the Unit's primary focus is to support the operationalisation of new cross-cutting functions and structures arising from leaving the EU, with the primary responsibility for developing, delivering, managing and communicating policies resting with each of the respective policy teams

Summary

The RA MEG Draft Budget BEL table for 2022-23 is presented to the Committee for consideration.

Lesley Griffiths

Minister for Rural Affairs, North Wales and Trefnydd