



Economy, Trade & Rural Affairs Committee - Scrutiny of the Welsh Government Draft Budget 2025-26

Response from Deputy First Minister
and Cabinet Secretary Climate Change
and Rural Affairs

Introduction

Further to the Committee's budgetary scrutiny and evidence sessions, the Committee issued its report in February.

Set out below are the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs' responses to the Committee's Recommendations 13-14 about Borders Policy and 17-20 about Rural Affairs.

Recommendations 1-12 and 15-16 will be answered separately by the Cabinet Secretary for Economy, Energy and Planning and the Minister for Culture, Skills and Social Partnership.

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1. Borders policy

Recommendation 13

The Welsh and UK Governments should work together to reach a solution in relation to funding the BCP running costs as soon as possible.

Welsh Government Response:

**Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs
Accepts in principle**

The Welsh Government continues to believe that the full costs of implementing post-Brexit border controls should be met by the UK Government. The Cabinet Secretary for Finance and Welsh Language continues to press the case with the Chief Secretary to the Treasury

Recommendation 14

The Welsh Government should clarify whether the BEL's title is correct and 'Borders' has been removed. If so, it should set out any practical implications, if any, of its removal.

Welsh Government Response:

**Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs
Accepts**

The Borders budget continues to be managed by the team responsible for implementing border controls (BEL 3730) but the work involves officials from a number of teams working together, including officials from the Strategic Evidence, Monitoring & Intergovernmental Relations team (BEL 2816), which formerly included Borders in its title, before 2023-24. Therefore the published BEL tables are correct. We apologise that there was, however, an error in the written evidence paper which referenced a previous version of the BEL title for BEL 2816.

2. Rural Affairs

Recommendation 17

The Sustainable Farming Scheme budget should be increased from the current agricultural support allocation to reflect inflation and also the benefits the scheme will bring including actions to tackle the nature and climate emergencies. As part of this the Deputy First Minister should explore calculations made by the farming unions around agricultural inflation and the Scale of Need Report when determining the Sustainable Farming Scheme budget.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Rejects

The Sustainable Farming Scheme (SFS) will be the primary support for agriculture in the future as well as a significant contributor to delivering Wales' ambitious nature and climate change targets. The scheme will operate within the Rural Affairs budget. Welsh Ministers will continue to make other funding opportunities available, which will also be accessible by farmers and land managers, independently of the SFS.

A full business case including the financial case and the economic case (which will be informed by evidence from modelling), is being prepared for the SFS which will inform Welsh Ministers decisions on the budget allocation.

No decisions have been made on the budget or the split between the Universal, Optional and Collaborative layers of the Scheme. The weighting of the budget across the layers will be brought together in the final Business Case, reflecting evidence. We first intend to finalise the Scheme detail, payment rates for the Universal Actions, and the priority and timescale for Optional and Collaborative Actions.

Monitoring, reporting and evaluation of the contribution Welsh Ministers make to sustainable land management objectives is set out in the Agricultural (Wales) Act 2023.

Recommendation 18

The Deputy First Minister should make representations to the UK Government on the need for multi-annual budget setting.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Accepts

The timing of UK fiscal events is a matter for the UK Government; however, the Cabinet Secretary for Finance and Welsh Language will continue to make the case for the need for multi-annual budget setting.

After taking up the post, one of the first steps taken by the Chancellor of the Exchequer was to confirm that a rolling approach to future spending reviews will be adopted whereby the UK Government will review its spending plans every two years to ensure no future cliff edge for annual settlements. This will support planning of future Welsh Government budgets and of its partner organisations.

The current UK Spending Review is taking place in two phases. Phase 1 concluded at the UK Autumn Budget and provided the Welsh Government with its settlement for 2025-26. The second phase of the UK Spending Review will conclude on 11 June, when the Chancellor will present departmental budgets to the House of Commons. This will set multi-year budgets beyond 2025-26. Specifically, it will set resource budgets from 2026-27 to 2028-29 and capital budgets for an additional year, from 2026-27 to 2029-30.

It is our intention to provide multi-year budgets where possible, however this is dependent on a number of factors, notably the timing and nature of UK Government fiscal events. After the conclusion of the second phase of the Spending Review, Welsh Ministers will consider how to allocate the Welsh Government's budget, to reflect the circumstances and priorities in Wales.

Recommendation 19

The Welsh Government should prioritise its review of Bovine TB Compensation with the aim of it being completed by the end of the Senedd.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Accepts

I fully appreciate the importance of undertaking a review of our current TB compensation policies, as outlined in the current TB Eradication 5-year delivery plan. The review will involve engaging with industry and stakeholders, and liaising with Defra and the other devolved Governments to understand their policies and how they are delivered. We aim to complete the initial review process by the end of the current Senedd before moving to public consultation. The implementation of any new approach to TB compensation in future years would also likely be dependent on introducing legislative and delivery changes.

Recommendation 20

The Welsh Government should consider how it can support small Welsh abattoirs through the 2025-26 Budget.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Accepts

The Welsh Government opened an abattoir-specific capital grant window under the Food Business Investment Scheme between September and November 2018. The sole purpose of this funding was to support small abattoirs and specifically, to install CCTV and to improve animal welfare facilities. However, the number of applicants were low.

The Food Business Accelerator Scheme opened in 2023-2024. One abattoir applied and was successful for funding.

The new Food Business Accelerator Scheme will open in April 2025, abattoirs alongside other food and drink manufacturing businesses, will once again be eligible to apply. Budgets are limited, each application window will be competitive and each application will be appraised on the merits of the proposed project investment.