

Welsh Government



Llywodraeth Cymru
Welsh Government

Climate Change, Environment, and Infrastructure Committee

Welsh Government Draft Budget Scrutiny 2026-27

20/11/2025

Background

This paper provides evidence to the Committee on the spending proposals in relation to the budgets within the Climate Change & Environmental Sustainability (CCES) portfolio within the Climate Change & Rural Affairs Main Expenditure Group (MEG) as outlined in the Draft Budget stage 2 which was published on 03 November 2025.

Annex A provides a breakdown of the relevant Draft Budget figures for the CCES area of the Climate Change & Rural Affairs MEG by Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

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Budget Allocations

1. The Draft Budget is the starting point of the Welsh Government's budget process - not the end of it. The Draft Budget 2026-27 is built on the strong foundation of last year's budget, which included £1.6bn of new spending commitments, enabling public services to start planning for the 2026–27 financial year. It allocates 98.6% of available funding, leaving room for further investment in Wales' priorities by the Final Budget in January. It is our firm ambition to secure a Final Budget which uses all the resources available for 2026-27. The government remains open to collaboration with other Senedd parties to agree a budget, emphasising the shared responsibility to pass a budget to benefit Welsh citizens.
2. The tables below provide an overview of the plans summarised at a high level by business area for the Climate Change and Environmental Sustainability portfolio published in the Draft Budget 2026-27 on 3rd November 2025

Revenue

BEL No.	BEL Description	£000 Restated 2025-26 Final Budget	£000 Changes	£000 Draft Budget 2026-27	% change
2812	Environment Legislation and Implementation, Governance and Communications	1,984	907	2,891	46%
2809	Welsh Government Energy Service	4,170	80	4,250	2%
2807	Invest 2 Save - Green Growth	200	4	204	2%
2817	Environment Protection	6,738	67	6,805	1%
3771	Climate Change Action	3,814	53	3,867	1%
2230	Flood Risk Management & Water Policy Delivery	2,999	570	3,569	19%

2195	Landfill Disposals Tax Communities Scheme	500	10	510	2%
2825	Biodiversity and Evidence	11,525	(454)	11,071	-4%
2827	Forestry	6,436	105	6,541	2%
2820	Local Places for Nature	2,650	53	2,703	2%
2451	Natural Resources Wales	103,487	1,848	105,335	2%
2190	Resource Efficiency and Circular Economy	35,848	667	36,515	2%
2490	Designated Landscapes & Countryside Access	13,376	298	13,674	2%
2232	Coal Tip & Reservoir Safety Delivery	3,878	6,000	9,878	155%
2875	Marine Policy, Evidence and Funding	2,364	48	2,412	2%
2802	Plant and Wildlife Protection, Peatlands and Regulation	1,418	682	2,100	48%
Total Resource - Near Cash		201,387	10,938	212,325	5%

Capital

BEL No.	BEL Description	£000 Restated 2025-26 Final Budget	Changes	£000 Draft Budget 2026-27	% change
2809	Welsh Government Energy Service	12,000	-	12,000	0%
2807	Invest 2 Save - Green Growth	1,052	-	1,052	0%
2817	Environment Protection	2,686	-	2,686	0%
2230	Flood Risk Management & Water Policy Delivery	30,021	3,478	33,499	12%
2825	Biodiversity, Evidence and Peatlands	12,500	(1,000)	11,500	(8%)
2802	Plant and Wildlife Protection, Peatlands and Regulation	0	5,200	5,200	100%
2827	Forestry	9,310	-	9,310	0%
2820	Local Places for Nature	12,564	-	12,564	0%
2451	Natural Resources Wales	27,806	-	27,806	0%

2190	Resource Efficiency and Circular Economy	41,853	(4,200) -	37,653	(10%)
2490	Designated Landscapes & Countryside Access	8,900	-	8,900	0%
2232	Coal Tip & Reservoir Safety Delivery	15,217	25,000	40,217	164%
Total Resource - Capital		173,909	28,478	202,387	16%
2809	Welsh Government Energy Service	0	10,200	10,200	N/A
Total Resource - Capital FTC		0	10,200	10,200	

General

3. My aim is to ensure sustainable management of our natural resources, tackle climate change and minimise pollution. To achieve this, the budget allows me to drive forward action on the following priorities:

- Tackling the climate emergency to build a fairer, safer future and secure green jobs.
- Taking action to protect and restore nature in Wales and to connect people to the natural world.
- Creating a sustainable future for Welsh food, fisheries and farming.
- Improving the health and wellbeing of our communities by cutting waste and pollution, and using regulation to drive innovation, create markets and keep people safe.
- Improving health and animal welfare.

4. Tackling the climate emergency is a priority across Cabinet. In my own portfolio, I continue to fund the central capacity necessary to enable the whole of Welsh Government to develop and deliver our carbon budgets. This is integral to delivering our overall approach to decarbonisation. Similarly, the climate adaptation team supports work across Welsh Government to build climate resilience.

5. I am also continuing funding for the Welsh Government Energy Service which provides critical advice and support to public bodies as

they work towards our shared ambition of a net zero Welsh public sector by 2030.

6. Circular Economy has received additional resource funding to continue to build on Wales' world leading performance on recycling and to realise the economic opportunities arising from keeping resources and materials in use for as long as possible and avoiding waste. The reduction in capital reflects the profile of Local Authorities projects in 2025/26.
7. I continue to invest in environmental protection, minimising the impact of environmental hazards on health and wellbeing. This includes an increase in investment in coal tips safety due to ring fenced funding, and on average 2% inflationary increases to all areas, with a further £3.5m increase in funding to improve water quality and continued investment in flood risk management.
8. Investment in restoring nature, access to the countryside, green space and community engagement with nature continues.
9. The Coal Tip Safety Budget will see a significant uplift in funding reflecting the priority this Government has placed on ensuring the safety of our communities with an increase from £37m to £40m (including the £25m capital investment in coal tips in 2026-27 from UKG).
10. Reservoir safety is also of critical importance given the risks if they are not maintained and future budget forecast implications for changes to the climate in Wales. This has been reflected in the budget allocations with £4.9m being made available for reservoir safety.
11. I have prioritised funding for delivery partners, including inflationary uplifts for Natural Resources Wales and National Parks, recognising their crucial role in delivery and the funding pressures they face.
12. I have increased our investment in flood risk management to £80 million for 2026-27. This is the highest annual allocation to date, rising from £77 million last year, and reflects our continued commitment to protecting communities across Wales from the growing threat of

flooding. During this Senedd term, the Welsh Government has made its largest-ever investment in flood risk management, committing over £377 million to reduce risks for communities across Wales.

Previous Commitments from scrutiny of the 2025/26 budget

13. The draft budget reflects a clear continuation of commitments made in previous financial years, particularly in relation to biodiversity recovery and climate resilience.
14. The Welsh Government's sustained investment in this programme - alongside match funding from external partners - demonstrates a consistent approach to supporting species recovery, community engagement, and ecosystem restoration.
15. In line with recommendations from previous scrutiny cycles, we have maintained funding for evidence-based policy development, statutory monitoring, and delivery mechanisms that support the Environment (Wales) Act and the Senedd's declaration of a nature emergency.
16. Despite fiscal constraints, the draft budget honours prior commitments by protecting core biodiversity programmes and enabling continuity of delivery. This reflects the Welsh Government's recognition - as highlighted in the Committee's report - that nature recovery is not a discretionary add-on but a foundational element of a resilient, green economy. Our allocations have therefore been structured to ensure that previous investments are not undermined, and that momentum is maintained toward Wales' 2030 and 2050 environmental targets.
17. Significant progress has been made on coal tip safety since the Tylorstown landslide.
18. The draft budget builds on this progress and will provide record levels of funding to enable the continuation of a funded programme providing grant funding to Local Authorities and NRW to complete

maintenance and remediation activities on both publicly and privately owned coal tips to ensure that these remain in a condition whereby the threat of a slip is controlled and minimised.

19. Funding will also support the implementation costs of the Disused Mine and Quarry Tips (Wales) Act which will establish a new Statutory Authority from April 2027.
20. The Marine budget for 2026/27 reflects our commitments to complete the Marine Protected Area network through the designation of Marine Conservation Zones (MCZ), and to ensure the effective management of our MPA network. This includes the continuation of funding for the review of the MPA Management Framework, as recommended by the CCEI 25/26 scrutiny report.
21. I have summarised the approach, grouped under the headings in the Committee's report.

Legislation

The Environmental Protection (Single-use Plastic Products) (Wales) Act 2023

22. Funding will be used to raise awareness and develop communication materials to support the commencement of the bans on wet wipes containing plastics (18 December 2026).

Delivery of Workplace Recycling Regulations

23. The draft budget provides for the work associated with the development of the legislation for extended producer responsibility scheme for packaging (EPR) and the deposit return scheme for drink containers (DRS). The EPR reforms are being taken forward on a UK

wide basis, with extensive Welsh Government policy and legal services input. The DRS regulations will be made on a Wales only basis.

The Disused Tips (Mines and Quarries) Act

24. The draft revenue budget for 2026-27 includes £5.1m towards implementation expenditure to ensure work can continue in preparation for the establishment of the new Statutory Body on 1 April 2027.
25. The Regulatory Impact Assessment has also been completed as part of the Act. This provides detailed costings for the establishment of the Authority, including staffing costs, as well as the running costs once the Authority goes live, on 1 April 2027.

The Environment (Air Quality and Soundscapes) (Wales) Act 2024

26. We continue to progress implementation of the Act.
27. Specific funding is supporting implementation of the Act, which includes a £1 million annual Local Air Quality Management grant to support local authorities in delivering local air quality improvements. We have been consulting on our draft Promoting Awareness of Air Pollution Delivery Plan, which we will publish in early 2026. Funding will also enable implementation of the Delivery Plan's actions, which include encouraging public behavioural change and engagement on areas such as vehicle idling and domestic burning.
28. We have also been consulting on draft regulations to introduce a fixed penalty range for stationary vehicle idling. Subject to the outcomes of the consultation, we will make regulations before the end of the Senedd term. These will be supported by updated guidance to Local Authorities.

Bill on Environmental Governance and Biodiversity Targets

29. The Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill was introduced in June 2025. The Bill is currently passing through the Senedd scrutiny process with the completion of stage one in early November, with Royal Assent anticipated in April 2026.
30. The Bill supports the commitment in the **Programme for Government** to “work towards the establishment of an Environmental Governance Body, a statutory duty and targets to protect and restore biodiversity”.

Environment

Delivery of the Biodiversity Deep Dive

31. Budget has been allocated to support the delivery of the deep dive recommendations and help meet the 30by30 target, which sets the foundation for Wales’s ambition to halt and reverse biodiversity loss. We are taking coordinated, evidence-led action to expand and improve protected areas, supported by sustained investment and strong national collaboration. This approach not only safeguards nature but also delivers long-term climate, economic, and wellbeing benefits making every pound invested both strategic and impactful.
32. We are committed to expanding and strengthening Wales’ network of protected areas to better represent key habitats and species. The *30by30 Framework for Wales* sets out clear criteria for both Protected Areas and Other Effective Area-Based Conservation Measures (OECMs), aligning with international IUCN guidance to ensure these areas contribute to a resilient, well-connected ecological network.
33. To support this ambition, targeted funding will be directed towards the identification, development, and long-term management of OECMs. This includes investment in a pipeline approach that enables candidate sites to access support and resources to meet the full criteria for recognition.

34. Funding of £500K has been maintained to support the mainstreaming of biodiversity. Key actions include the continued delivery of capacity-building programmes, such as the refreshed Nature Wise training, and fulfilling obligations under the Environment (Wales) Act 2016. Internal and public engagement will be enhanced through events such as the Wales Biodiversity Partnership Conference (October 2025). Projects such as the Gwent Levels pilot will strengthen biodiversity guidance to reduce development encroachment on protected sites. Collaboration with Welsh Treasury under the Budget Improvement Plan will further embed biodiversity considerations into financial decision-making.

Nature Recovery Action Plan and Developing legally binding Biodiversity targets

35. This investment will continue to directly contribute to the delivery of key priorities and actions identified in our Nature Recovery Action Plan (NRAP - <https://gov.wales/nature-recovery-action-plan-2015>) relating to the protection of our habitats and species of principal importance and the creation of resilient ecological networks.

36. The National Sites Network will benefit from funding through the continued delivery of our Nature Networks Programme (NNP) in 2026/27 helping to deliver our 30by30 target. It is key to improving the condition and connectivity of our terrestrial and marine protected sites, creating resilient ecological networks which will allow our most endangered habitats and species to thrive. It will also help to deliver nature to wherever people live through engagement with local communities benefitting not only our environment but also our health and well-being. Robust monitoring and evaluation will be an integral part of the Nature Networks Programme.

37. Legally binding biodiversity targets will be developed if the Environment (Governance, Principles and Biodiversity Targets) Bill is

passed by the Senedd. A Regulatory Impact Assessment has been developed to accompany the Bill. This provided initial estimated costings which will cover the new statutory targets. The full financial impact of these targets is not expected until after the Bill has been passed by the Senedd, which would likely mean FY 2026-27. An additional RIA will be produced alongside the secondary legislation needed once the targets have been developed.

Nature Networks Programme

38. This allocation will allow continued delivery of the Nature Networks Programme (NNP), working with landowners, partners, stakeholders and encouraging community engagement to implement measures that address the nature emergency and make a real difference to the environment of Wales. Over £54m has been invested to date in the NNP since 2021.

Local Places for Nature

39. The Local Places for Nature (LPfN) programme has had five years of successful delivery. Some highlights are summarised below.

Table 1 – Highlight Outputs for LPfN Programme 2020-2025.

Highlight Output	Totals 2020/21 - 2024/25
Green Spaces Created or significantly enhanced	5,446
Wildlife meadows and verges with new mowing practices	1,422
Community orchards created	1,702
Community growing projects	1,906
Volunteers Involved	31,738

Trees planted (urban, small dense woodland, verges, parkland)	650 reportable hectares
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40. The value and impact of the programme have been recognised by providing a significant level of on-going investment in 2026/27 with £2.5m revenue and £12.5 capital being allocated to the schemes this year. This level of funding will allow us to continue the positive work that is taking place on the ground by supporting local nature projects
41. An evaluation of the programme is currently underway and this will look at the social impact of the schemes over the past five years. An interim report was published in June 2025 with a final report due to be published in November 2025.

National Peatland Action Programme

42. Since 2020, the **National Peatland Action Programme** has restored over 3,600ha of peatland and improved the habitat across a further 8,000ha. This has resulted in the safeguarding of an estimated 2.2 million tonnes of stored carbon and reducing annual emissions from this vital habitat.
43. Restoring peatland involves repairing the water table; bringing it near to the surface for much of the year. Early indications demonstrate how rewetted peatlands help stall and reduce the effects of wildfire: [Natural Resources Wales / Indicators that rewetted peatland stalled wildfire spread!](#)
44. The Programme for 2026/27 seeks to maintain its delivery capacity and capability with over £5m of investment to support the Biodiversity Deep Dive recommendations.

Natur am Byth

45. Natur am Byth is Wales' flagship species recovery programme, running from 2023 to 2027 and led by Natural Resources Wales in partnership with nine environmental charities. Welsh Government will

continue to provide match funding of £200,000 p.a. to support the delivery of the programme.

46. The investment has helped support 11 place-based projects across Wales, targeting 67 threatened species. The programme has created 20 jobs and trainee schemes, while also delivering community engagement, citizen science initiatives, and habitat restoration.

Monitoring programmes for biodiversity

47. Effective and affordable monitoring and evidence is vital for tracking our progress towards both the 30by30 target and our longer-term nature positive ambition.

48. Various biodiversity monitoring programmes are undertaken with direct support from, or on behalf of, the Welsh Government, allowing the reporting of the status of biodiversity in Wales e.g. through the Natural Resources Wales produced State of Natural Resources Report (SoNaRR) due to report in December 2026. Key components of our existing biodiversity monitoring framework include Environment and Rural Affairs Monitoring and Modelling Programme (ERAMMP), the Living Wales Earth Observation system, the monitoring of key indicator species through JNCC/citizen science-led surveillance programmes, and the Common Standards Monitoring provided by NRW for protected sites.

49. We are working collaboratively across the UK to develop a robust monitoring framework, underpinned by clear indicators to track progress and guide action towards the 30by30 target. A key component of this work is the development and implementation of the Management Effectiveness of Protected and Conserved Areas (MEPCA) indicator which is recognised as a critical tool for assessing how well protected and conserved areas are delivering for biodiversity.

50. To support this, we are providing funding for the development and rollout of MEPCA in Wales. MEPCA will also contribute to a new suite of official UK-wide statistics, helping to ensure consistent and transparent reporting on biodiversity outcomes across all four nations.

51. As part of this broader effort, we will also be undertaking evaluations of the functions of the Local Environment Record Centres and the Nature Networks Programme, to ensure they continue to support effective biodiversity monitoring and delivery.

Developing an approach for private investment for nature

52. Welsh Government is developing a new approach to sustainable finance for nature's recovery. This approach is intended to increase and diversify the funding available so that we can effectively tackle the nature emergency and the pressures that drive biodiversity loss – including climate change, pollution, and unsustainable management of natural resources.
53. Markets for nature and the environmental services nature provides, have the potential to harness the capabilities and resources of the private sector to efficiently deploy capital and encourage the innovation needed. But environmental markets must be well-designed and governed to prevent 'greenwash' and ensure they are high integrity, deliver real environmental improvement and both engage and benefit local communities.
54. Building our capacity in Wales to engage with private investment is instrumental in attracting additional funding for nature. Towards this end, we are continuing to fund two roles within Marine Fund Cymru and Bannau Brycheiniog National Park Authority (Y Bannau). These roles will help scale up nature recovery funding by exploring and implementing high-integrity ecosystem service markets and disseminating this knowledge across our other national park authorities.
55. The Marine Cymru Fund seeks to invest in programmes and projects that enable, maintain and enhance the resilience of marine and coastal ecosystems for the long term, facilitating the delivery of wider benefits to individuals, communities and businesses. The aim is that the Fund is open for donations in early 2026.

Delivery of the circular economy strategy, Beyond Recycling, including the development and delivery of a Deposit Return Scheme for Wales

56. The funding will continue to drive the implementation of Wales' circular economy strategy, which has already helped the nation achieve world leading recycling rates, now ranked second globally. This includes support through the Circular Economy Fund, enabling Local Authorities to enhance recycling and decarbonise services and expand reuse and repair facilities. It also helps businesses transition to more sustainable practices, such as incorporating recycled materials in to their processes.
57. In addition, the funding underpins the rollout of key policy reforms including the Extended Producer Responsibility scheme for packaging, the Workplace Recycling Regulations, the development of the Deposit Return Scheme (DRS) for Wales and a digital waste tracking system.
58. The Welsh Government is funding the DRS from existing programme budgets and has accelerated its implementation to align with the rest of the UK, ensuring interoperability across common materials. This approach supports the rollout of reuse and future-proofs the scheme to deliver long-term benefits for Wales.

Managing Marine Protected Areas (MPAs), including an update and delivery of the MPA network management framework and action plan

59. In 2025/26 the Marine Protected Area (MPA) grant awarded funding for a range of projects to deliver evidence to improve our understanding of pressures to the network, which will support future prioritisation of key management actions. Projects this year varied

from cetacean monitoring in Cardigan Bay, avian influenza surveillance on Grassholm and the development of a saltmarsh action plan for Wales. Funding has also supported critical projects such as Biosecurity for Life, which delivers a management plan and actions to ensure that our bird Special Protected Areas (SPAs) remain predator free, and funding to support seagrass and saltmarsh restoration in line with the Programme for Government commitment.

60. To future proof the MPA management framework, Welsh Government have commissioned a review of the framework which is currently being undertaken by the JNCC. JNCC have approached interested stakeholders to gather views on the appropriateness of the framework and the management principles which guide best practice for our MPA network management. These views will be vital as the management framework guides our grant scheme and how we fund projects in Wales.

Assessment and identification of gaps within the MPA network, including improvements to the evidence base to inform the designation of further Marine Conservation Zones (MCZs) in Welsh waters

61. Welsh Government is committed to its MPA network completion programme; the proposed Marine Conservation Zone designations are a significant element of this.

62. Officials are working with Statutory Nature Conservation Bodies to develop the underpinning evidence base to inform designation of proposed sites. As part of this process, it is critical that the proposed sites are rigorously assessed for their potential socio-economic impacts through a Regulatory Impact Assessment (RIA).

63. The first iteration of the Regulatory Impact Assessment (RIA) will be completed this Senedd term and will form the baseline allowing for

further refinement in a further iteration once it becomes clear what the specific policy options will be. Welsh Government will also review where there may be potential evidence gaps in this version of the RIA and identify options to enhance and improve confidence. Welsh Government will also be conducting an internal review of conservation evidence to ensure our confidence and understanding of the proposed sites is satisfactory.

Funding for the delivery of a targeted scheme to support restoration of seagrass and saltmarsh habitats along Wales' coastline

64. Funding was allocated in 2025/26 to support the National Seagrass Action Plan (NSAP) to identify evidence gaps which will enable us to continue to support targeted seagrass regeneration along the Welsh coastline. Funding was also allocated through the MPA management grant scheme to develop a programme of saltmarsh restoration and saltmarsh action plan.

65. Seagrass Network Cymru (SNC) are implementing the National Seagrass Action Plan (NSAP), and the North Wales Wildlife Trust are leading on the development of a Saltmarsh Network & Action Plan Cymru,

66. Through both projects the Programme for Government Commitment has now been completed.

Improving water quality, including support for the Better River Water Quality taskforce to take forward actions arising from the Stantec report

67. Water quality is under pressure from various threats. The main causes of failure under the Water Framework Directive (WFD) in Wales are attributed to the agriculture sector, mining and quarrying (including pollution from abandoned metal mines), the transport sector, urban

pollution and water industry discharges. It is necessary that an integrated cross-sectoral approach is developed and implemented across Wales to ensure long term water quality improvement. Recognising these pressures, in 2025-2026 we provided NRW and the Mining Remediation Authority with £16 million capital grant funding to improve compliance with Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 and related legislation which will deliver water quality improvements. This work covers high profile schemes including the metal mine remediation programme, comprising blow out prevention, water treatment schemes and diverting watercourses. A similar commitment has been made for 2026-27 to build upon these critical water quality works.

68. In late 2023, the Better River Quality Taskforce – a partnership between Welsh Government, Natural Resources Wales, the water industry and stakeholders – published the Storm Overflows Evidence for Wales Report through a [Written Ministerial Statement](#). The report provides an independent assessment of the costs and benefits of different policy options for regulating storm overflows. It does not make recommendations but rather sets out comparative evidence on policy approaches to the regulation of storm overflows.

69. The Storm Overflows Evidence for Wales Report is an important piece of evidence commissioned by the Better River Quality Taskforce, a joint taskforce between the Welsh Government, Natural Resources Wales, Wales' water companies, and industry stakeholders providing independent challenge from a stakeholder and consumer perspective. Significant investment, prioritising those CSOs creating the most harm to the environment, was agreed by Ofwat in its final determination in December 2024.

70. Ensuring high water quality is a key priority for the Welsh Government and acting on CSOs is only one of many elements that we are doing to improve water quality across Wales. As a government, we are determined to set ambitious policy to ensure the protection of our water environment for future generations. This is recognised by the £16million commitment to NRW and MRA in this financial year

and forecast investment of the same in 2026-27. The Water Capital Programme focuses on The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 aim to reduce pollution and improve the condition of aquatic ecosystems, promote the sustainable use of water and reduce the effects of floods and droughts. Natural Resource Wales' has prepared a flexible multi-year programme of work designed to decrease the number of watercourses failing to meet good ecological status and we propose to provide Natural Resource Wales' with the necessary funding to undertake work prioritised to have the most impact.

Implementation of the National Strategy for Flood and Coastal Erosion Risk Management, including the take up of the Flood and Coastal Erosion Risk Management Grant and Natural Flood Risk Management Fund

71. The National Strategy for Flood and Coastal Erosion Risk Management sets out how we will manage risk from flooding and coastal erosion over the next decade with the objectives to prioritise investment, improve our understanding of risk, build resilience, prevent more people becoming exposed to risk and respond to events.
72. This year, the Flood and Coastal Erosion Risk Management programme has continued to fund the completion of the major NRW-led scheme at Stephenson Street, Newport, along with the development of future flood schemes in Pwllheli, Port Talbot and Cardigan. In addition, over 230 local authority-led schemes across Wales have received support, with more than £14 million invested in a mix of conventional and green engineering solutions.
73. Looking ahead to 2026/27, the programme maintains a strong and ambitious outlook, with a pipeline of future capital schemes valued at

over £230 million currently in development. These schemes represent a diverse and complex portfolio of flood risk interventions, with some expected to enter construction this year and others progressing through detailed design and planning phases. This reflects our continued commitment to developing robust, long-term solutions that enhance flood resilience across Wales.. Some schemes are expected to enter construction this year with others progressing through detailed design and planning phases.

74. Our Coastal Risk Management Programme (CRMP) is now drawing to a close. The Programme has seen £291m worth of concentrated investment over five years and once finished, it will have funded 15 schemes around Wales' coastline benefitting almost 14,000 properties.
75. Since 2020, we have provided funding to support the development and implementation of Natural Flood Management (NFM) in Wales. This began with a Natural Flood Management Pilot, funded through the flood budget, and was followed by the NFM Accelerator, supported via the Rural Investment Scheme. implementation of Natural Flood Management (NFM) in Wales..
76. Building on the excellent work already delivered by Risk Management Authorities (RMAs), we allocated an additional £2 million for 2025/26 through the flood budget which is being maintained in 26-27. This funding will enable RMAs to expand existing schemes and continue learning about the wider benefits of NFM. These projects aim to enhance the natural environment while reducing flood risks to properties.
77. Officials are currently taking forward the NICW's Building Resilience to Flooding in Wales by 2050 report recommendations which strongly advocate for a catchment-based approach to flood risk management, placing nature and community at the heart of the response to flood risk.

Support for the Interim Environmental Protection Assessor for Wales and the development of more permanent environmental governance arrangements

78. I am committed to working towards the establishment of an environmental governance body for Wales and have allocated additional funding to support this.

79. The Interim Environmental Protection Assessor for Wales' (IEAPW) budget of £120,000 has increased to £165,000 following the appointment of two Deputy Interim Assessor's and forms part of the wider budget for environmental governance.

National Parks

80. The draft budget includes an increase in core funding for each of the three National Park Authorities in Wales. The Welsh Government provides statutory core funding to each National Park Authority and also discretionary support to our National Landscapes.

81. The funding will enable all our Designated Landscapes to continue in their important work to tackle the nature and climate emergencies, while enabling people to engage with some of our most beautiful areas.

82. A specific budget allocation in 2026/27 will continue the delivery of the Programme for Government commitment to designate a new National Park in North East Wales.

83. This funding will enable Natural Resources Wales, our statutory advisors in this area, to complete its preparatory and advisory work, while also ensuring the necessary transition and mobilisation activities are resourced. This includes funding for the Clwydian Range and Dee

Valley National Landscape to build capacity and resilience while the designation work is taken forward.

Countryside access

84. The draft budget includes funding for a range of activities that enable and promote access to the countryside and green spaces that deliver a range of benefits including promoting both physical and mental wellbeing.

85. This includes a continuation of funding for the Wales Coast Path (WCP) for its maintenance, further development, and promotion,

86. Funding has also been allocated to continue number of successful programmes, including the popular Access Improvement Grant, Green Flag and Community Land Advisory Service (CLAS) schemes, as well as to meet Welsh Government legal responsibilities such as any court cases relating to access.

Climate Change

The impact of proposed UK Government policies on Welsh Government efforts to support net zero

87. We continue to work closely with governments across the UK to collaborate towards our common goal of net zero by 2050. Over half of Welsh emissions emanate from sectors for which policies are largely reserved to the UK Government. We welcome the UK Government's Clean Energy Mission as it seeks to accelerate the UK's progress towards clean sources of power by the end of the decade. This has a material impact on Wales's ability to reduce its emissions given the interconnected nature of the energy network in the UK. We are working closely with UK Government to dovetail action to accelerate delivery of renewable energy.

Delivery of the policies and proposals in the Net Zero Wales plan which are relevant to the remit of this committee

88. Decarbonisation action across the eight main emissions sectors are covered by 123 policies and proposals in the current Net Zero Wales plan (for Carbon Budget 2). Most relevant to this committee are actions taken by energy, transport, and the public sector to decarbonise. Delivery of these actions in Energy and Transport is led by other Cabinet Secretaries and is not reflected in my budget.

89. We continue to support decarbonisation action in the public sector, in line with our ambition for the public sector to be collectively net zero by 2030. In 2026/27 we will again invest over £21m in loans and grants for continued investment in energy efficiency and renewable energy within the public sector in Wales. These projects help achieve cost savings as well as carbon reductions.

Development of plans to deliver Carbon Budget 3

90. The budget supports work within the Welsh Government's central climate change team to develop the plan for Carbon Budget 3. This includes analytical capability to understand and interrogate the detailed advice from the Climate Change Committee, and capacity to work across the Welsh Government to develop policies and proposals to deliver the next Carbon Budget. The budget also supports delivery of our climate behaviour change and engagement strategy, which includes running Wales Climate Week and the associated Climate Conversations.

91. I published a discussion document to accompany Wales Climate Week, drawing on expert advice from the Climate Change

Committee, Net Zero Wales 2035 Challenge Group, and others. Insights from discussion around this paper will shape our next emissions reduction plan, due in 2026. That plan will result in budgetary choices for a future government

Climate adaptation action, and detail of specific allocations to support delivery of the new climate adaptation strategy

92. Portfolios across government are funding their relevant actions set out within the Climate Adaptation Strategy for Wales 2024 through their own budget allocations. However, there is also a budget allocation for undertaking work to address strategic cross-cutting issues in relation to climate-related risks and impacts. In 2026/27 we will be continuing to focus on enabling and empowering progress on climate adaptation through strengthening monitoring, implementing an Expert Panel to draw on academic and sector expertise to further strengthen delivery against the Strategy, and engaging with the wider public sector on delivery and reporting of adaptation measures. Funding will also cover Wales's contribution to the Climate Change Committee's Adaptation Committee.

Implementation of the Woodlands for Wales Strategy and recommendations of the 2021 Trees and Timber Deep Dive, including delivering the National Forest and increasing the rate of tree-planting

93. The budget will fund the further expansion of the National Forest for Wales including through ongoing support for sites looking to join the

Status Scheme, as well as new approaches to delivery at a landscape scale and a National Forest Trail. Following the launch of the Timber Industrial Strategy at the Royal Welsh Show, funding will be used to invest in the sector including through a capital investment scheme and skills provision. It will also be used to support interventions to help increase our tree planting rates to deliver on our net zero ambitions. Grant support for tree planting and woodland creation is also included within the Agricultural Support BEL as part of the Sustainable Farming Scheme offer.

Natural Resources Wales

Details of budget allocations for NRW.

94. NRW's revenue budget allocation for 2026-27 will see a 2.2% inflationary increase compared to its baseline budget for 2025-26 – which included the baseline adjustments for its National Insurance contributions, staff pay awards and funding to support investment in planning and infrastructure consenting work.

95. NRW's capital budget allocation has also been maintained at 2025-26 levels, which included capital funding to further support NRW's digital infrastructure improvements, building on the enhancements made in 2025-26.

Details of any changes in service delivery or project timelines relating to NRW due to the current budgetary constraints.

96. The CCEI Committee will be aware of NRW's Case for Change in 2024-25 to deliver savings and allow for a reshaping of the organisation so that it could operate effectively within its available budgets. This

process has now concluded with the organisation now focussing on embedding these changes as it prioritises the delivery of its core duties and statutory responsibilities.

Details of any new functions, duties, or responsibilities you expect NRW to take on during the budget period and the funding that has been allocated for those purposes

97. The Welsh Government will ensure that NRW receive commensurate funding as appropriate for any new functions, duties or responsibilities placed on them during this budget period through specific grant funding within the appropriate policy area. This includes for example function and duties in support of the Sustainable Farming Scheme.

Progress of the Case for Change process

98. The Case for Change process has now completed with NRW now focussing on embedding these changes, into the organisation, as it prioritises delivery of its core function and statutory duties.

The latest position on NRW's potential tax liability and its payment to HMRC, funded by the Welsh Government, including:

99. NRW's tax liability is a matter between them and HMRC. It is understood that HMRC are moving into the final stages of its

investigation into NRW's historical non-compliance with IR35 arrangements. The outcome of these investigations is expected to be published imminently.

Details of the repayment terms agreed with NRW and how the Welsh Government satisfied itself that this is affordable;

100. In February, NRW agreed budget reduction arrangements to recoup the residual cash and budget cover provided by the Welsh Government which had enabled a payment on account to HMRC to stop the accruing of interest.

101. My officials continue to work with NRW to ensure any the budget reduction agreed is affordable and to provide the requisite assurance that its core function and statutory duties continue to be delivered within available budgets.

102. Natural Resources Wales will provide the Committee with a full update on its tax liability once HMRC concludes its work, including any final settlement amounts, expected imminently, which includes how it proposes to manage the budget reduction to account for the payment-on-account and its review identifying lessons learned.

What provision has been made in both the 2026-27 budget and the 2027-28 draft budget for any potential further liabilities.

103. My officials continue to work closely with NRW and have sought necessary assurance that there are no future liabilities anticipated. NRW has been proactive in seeking to learn from this experience and have engaged external tax advisors to independently review its new arrangements in relation to how it manages contractors.

104. The monitoring arrangements put in place, following the IR35 experience, has proven to be beneficial to both organisations. These arrangements have now been embedded within the governance arrangements and are now considered as normal working practices. My officials will continue to closely monitor this matter to minimise the risk of such occurrences happening in the future.

Annex A – Allocations by Spending Programme Area, Action and Budget Expenditure Line (BEL)

This section will provide a breakdown of the allocations by Spending Programme Area, Action and Budget Expenditure Line (BEL).

BEL description	Resource Budget £'000	Capital Budget £'000
2875 - Marine	2,412	-
Proposed BEL activity		
<p>Welsh Government's ambition for the marine environment is that Welsh seas are 'clean, healthy, safe, productive and biologically diverse'. The budget will be used to deliver the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs marine priorities to help meet this ambition, including the specific Programme for Government commitment on coastal restoration.</p> <p>Work will focus on marine planning and licensing, biodiversity, and climate change policy development. We will continue to enhance ecosystem resilience through Marine Protected Area network designation and targeted recovery interventions whilst maintaining our commitments to meeting Good Environmental Status. We will be responsive to developing evidence around blue carbon habitats and their global importance as part of our future marine decision-making processes, and contribution to achieving Net Zero.</p>		

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2230 - Flood and Water	3,569	33,499
Purpose of BEL		
<p>Proposed Revenue Programme</p> <p>The FCERM Resource Budget largely funds Wales’ Risk Management Authorities in undertaking activities such as asset maintenance, awareness raising work, flood investigation (Section 19 reports) mapping, warning, and informing and staff costs.</p> <p>Water Revenue Programme</p> <p>This is used to deliver statutory and regulatory functions in respect of water and sewage, including working with stakeholders on the statutory water price review which sets water bills and charges and water company investment for 2025 – 2030. It also funds support for delivering Government commitments to strengthen the requirements for the use of sustainable drainage systems that provide wildlife habitat and begin to designate Wales’ inland waters for recreation, strengthening water quality monitoring. It includes research and collaboration with regulators and stakeholders and implementing reform of the regulation of the water industry in Wales following the Independent Water Commission report.</p> <p>Flood Capital Programme</p> <p>Capital funding is not only used to build new flood and coastal risk management schemes but also to fund preparatory business case and design work ahead of construction. NRW are funded through the NRW BEL.</p> <p>Water Capital Programme</p> <p>The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 aim to reduce pollution and improve the condition of aquatic ecosystems, promote the sustainable use of water and reduce the effects of floods and droughts.</p> <p>Natural Resources Wales has prepared a flexible multi-year programme of work designed to decrease the number of watercourses failing to meet good ecological status. This programme of work includes remediation work for abandoned metal mines to help prevent discharges of hazardous pollution into waterways, and a range of capital work to address the key factors causing water quality failures Natural Resources Wales will prioritise the work according to</p>		

where it has the most impact and where it can be completed within this financial year.

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2232 - Coal Tip & Reservoir Safety & Delivery	9,878	40,217
Purpose of BEL		
<p>Coal Tips Safety</p> <p>The BEL is for the Coal Tip Safety Grant Scheme for local authorities to carry out works on tips, which has been identified in inspections reports or where a slip has occurred. In addition, we are committed to the final phase of remediation of the Tylorstown coal tip and work on reservoirs.</p> <p>The grant scheme makes funding available to Local Authorities and Natural Resources Wales to complete maintenance activities on both publicly and privately owned coal tips to ensure that these remain in a condition whereby the threat of a slip is controlled and minimised. High profile examples of where previous budget have been used include Tylorstown remediation works, and Dyffryn Rhondda.</p> <p>Secondly, the budget recognises the implementation costs arising from the Disused Mine and Quarry Tips (Wales) Act . . Funding has also been included for the continuation of the Coal Authority works regarding the inspection regime.</p>		
<p>Reservoir Safety</p> <p>Reservoir safety is also of critical importance given the risks if they are not maintained and the future forecast for changes to the climate in Wales. This has been reflected in the budget allocations with £4.9m being made available for reservoir safety.</p>		

Land Nature Forestry

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2825 – Biodiversity and Evidence	11,071	11,500
BEL 2814 - Environment Management (Pwllperian) (Non-Cash)	38	-
Purpose of BEL		
<p>Biodiversity delivery is focussed on actions to tackle the nature emergency and deliver Programme for Government commitments including:</p> <ul style="list-style-type: none"> • Nature Networks Programme – improving the condition and connectivity of our protected sites network (enhance green spaces). • Local Nature Partnerships – promoting coordination of locally driven action. • Developing legally binding targets and appropriate reporting and monitoring mechanisms through a year four Bill. • Embedding biodiversity in decision making through the biodiversity taskforce and section 6 duty. • Species recovery including pollinators and bee health 		

Plant Health and Environmental Protection

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2802 – Plant and Wildlife Protection and Regulation	2,100	5,200
Purpose of BEL		

This budget line supports a variety of work on plant health, wildlife management & rural crime, and environmental regulation.

Plant health & GMOs

Funding for work to maintain Wales **Biosecurity for plants**, development of policy for **new genetic technologies** and regulate **GMOs**. This includes all policy development and any costs associated with outbreak response where not covered by our agreements with Defra, NRW, the Forestry Commission and APHA. Most of these are funded by agreement with Defra.

Rural and wildlife crime and wildlife management

Funding to support **policy work on rural and wildlife crime** including regulations around hunting, snares, glue traps, managing wild pigs, licensing/regulating any **disturbance or interference with badgers** and their setts including TB testing of badgers. This includes funding for the **wildlife and rural crime officer** and part funding for the **Wildlife Incident Investigation Scheme** in Wales investigating suspected poisoning of wildlife, companion animals and beneficial insects part funded by a pesticide levy.

Invasive Alien Species, Plant Varieties & Seeds, Pesticides & Biocides, Agricultural EIA

Funding for limited eradication of **invasive alien species** and policy work on invasives. Funding for policy work on **Plant Varieties and Seeds**, including maintaining the national lists of seeds and plant varieties, including any tribunal costs falling to Wales. Funding for policy work on **pesticide and biocide regulation** where the operational work is funded via Defra and the Health and Safety Executive policy is devolved but budgets are not. Funding to support implementation of the Agriculture EIA regulations.

This budget line also supports the **National Peatland Action Programme** which provides national, coordinated leadership through Natural Resources Wales for sustained peatland restoration. The aim is to restore functioning ecosystems which in turn safeguards and sequesters carbon. The budget also supports policy on **protection of agricultural soils** including our **best and most versatile agricultural land**.

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2827 - Forestry	6,541	9,310
BEL 2827 - Forestry (Non-Cash)	83	-
Purpose of BEL		
<p>This budget line funds a range of activity to support delivery of the Woodlands for Wales strategy.</p> <p>National Forest</p> <p>Funding for National Forest Woodland Liaison Officers in NRW to support the creation and enhancement of woodlands which meet National Forest standards and create the covid 19 commemorative woodlands.</p> <p>Cross-border Memorandum of Understanding (MoU)</p> <p>Funding to support work areas where cross-border collaboration is beneficial: tree health, the Woodland Carbon Code, forestry research, forestry economics and the UK Forestry Standard. Wales contributes 10% of total funding to the MOU, with the remaining 90% funding split between Scotland and England.</p> <p>Forestry policy</p> <p>Funding to support projects to increase woodland creation and to meet ongoing forestry policy development.</p> <p>Timber industrial strategy</p> <p>Funding to support the delivery of 'Making Wood Work for Wales', our Timber Industrial Strategy.</p> <p>Natural Resources Wales funding</p> <p>Funding to Natural Resources Wales to verify that woodland creation plans meet the UK Forestry Standard.</p> <p>Woodland Restoration</p> <p>Funding for grants to restore woodlands affected by tree disease.</p> <p>Forest Research Memorandum of Understanding</p> <p>Funding for Forest Research, the research agency of the Forestry Commission, to map woodland in Wales, provide monitoring and surveillance of tree health and identify tree diseases and research key issues in forest management.</p>		

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2490 – Designated Landscapes & Countryside Access	13,674	8,900
Purpose of BEL		
<p>Designated Landscapes</p> <p>Our Designated Landscapes (National Park Authorities and National Landscapes) play a crucial role in protecting some of our most precious and beautiful areas and cover 25 per cent of Wales’ land area. They are key drivers for a number of Welsh Government priorities, including tourism, biodiversity, decarbonisation, health and wellbeing, sustainable communities, and the Welsh Language.</p> <p>This budget line provides core funding to the three National Park Authorities and five National Landscapes. It also provides specific grant funding to both the National Park Authorities and National Landscapes, as well as funding for public appointments to National Park Authorities.</p> <p>It also funds workstreams looking at a new National Park in North East Wales, including for Natural Resources Wales, our statutory advisors in this area.</p> <p>Access</p> <p>This budget line also provides funding to support number of programmes, services and interventions to deliver WG and First Minister priorities around public access and recreation, green spaces and allotments.</p> <p>The Welsh Governments’ contribution to the maintenance and promotion of the Wales Coast Path is funded through this budget line, as well as other related WG responsibilities such as any court cases relating to access.</p>		

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2195 - Landfill Disposal Tax Communities Scheme (LDTCS)	510	-
Purpose of BEL		
<p>This budget line funds the Landfill Disposal Tax Communities Scheme.</p> <p>In April 2018, the collection of landfill tax was devolved to Wales, as set out in the Landfill Disposals Tax (Wales) Act 2017. Section 92 of the Act places a duty on the Welsh Ministers to prepare and publish a Landfill Disposals Tax Communities Scheme, which will make provision for grant funding for the benefit of communities affected by landfill disposals or activities at waste transfer stations.</p>		

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2820 - Local Places for Nature	2,703	12,564
Purpose of BEL		
<p>This budget line funds the Local Places for Nature (LPfN) programme which supports communities to create nature on their doorsteps, particularly in areas of deprivation and communities with little or no access to nature. The programme began in 2020 and delivers the current Programme for Government commitment, “Expand arrangements to create or significantly enhance green spaces”.</p> <ol style="list-style-type: none"> Capital funding is delegated to three Scheme Managers, Wales Council for Voluntary Action (WCVA), Keep Wales Tidy (KWT) & National Lottery Heritage Fund (NLHF) who work collaboratively, running individual schemes; <ul style="list-style-type: none"> WCVA - 25 Local Nature Partnerships, led by Local Authorities and National Parks deliver projects locally. NLHF - An open access competitive capital grant scheme run by NLHF, via an Memorandum of Understanding with Department for Culture, Media and Sport KWT - Community Packages to create pollinator and community growing gardens including on manmade structures. 		

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2190 - Resource Efficiency & Circular Economy	36,515	37,653
Purpose of BEL		
<p>Funding of Delivery Partners Delivery of the work on a circular economy is heavily dependent on the external support provided by various Delivery Bodies, which provide both crucial expertise and capacity to deliver against the breadth of the commitments. Significant work has been undertaken with WRAP and Local Partnerships to align resource to the Programme for Government priorities, including the Extended Producer Responsibility Programme and Circular Economy Infrastructure Programme - with the bolstering of Programme and Project Management arrangements to the former and support to Local Authorities to produce robust business cases for infrastructure investment.</p> <p>In addition, the budget supports delivery partners such as Repair Café Wales to roll-out repair cafes across Wales and Fareshare to arrange the redistribution of food that would otherwise be wasted from the food and drink industry to communities in need across Wales.</p> <p>This also includes funding to Natural Resources Wales to support the implementation of workplace recycling reforms, EPR and DRS with the provision of detailed technical and enforcement advice and as the regulator for the circular economy in Wales. Natural Resources Wales are also the lead authority for waste crime and waste tracking and have a key role in decarbonisations work to address emissions from legacy landfill.</p> <p>Sustainable Waste Management Grant Funding to help Local Authorities to design, develop and execute strategic improvements in their approach to the Circular Economy, move up the waste hierarchy and preparing for Extending Producer Responsibility.</p> <p>Recycling Targeted Improvement & Strategic Planning Funding for the continued improvement in terms of the performance and efficiency of recycling collection and wider services, including repair and reuse. Focusing in particular, on utilising the evidence to take action to improve Wales' recycling rates to meet the 70% statutory minimum target and prepare for the implementation of Extended Producer Responsibility payments on the basis of service efficiency and effectiveness.</p>		

EPR, DRS & Workplace Recycling

This funding is allocated against the delivery of the Welsh Government's commitments to deliver EPR, DRS and Workplace Recycling Reforms. These commitments represent economy wide reforms with significant carbon savings as well as being crucial to further progress on recycling in moving up the waste hierarchy.

Circular Economy Fund for Business

The funding delivers on the key commitment within *Beyond Recycling* and *Net Zero Wales* to support businesses to adapt their processes to become more circular, for example in using recycled content in manufacturing or moving to more sustainable materials and follows on from the successful pilot delivered over the last three years.

Circular Economy Fund for the Public Sector

This capital funding, is primarily targeted at Local Authorities, to address core Circular Economy actions and develop a pipeline of circular economy infrastructure projects being developed collaboratively with Local Authorities. This includes improvements in recycling performance, increasing repair & reuse activity, enhancing climate resilience and decarbonising waste & recycling operations in line with the 2030 target.

Funding is also allocated to support Local Authorities to continue the transition of their fleet to Ultra-Low Emission collection vehicles for recycling and residual waste.

Programme Staff

Programme funded staff that are crucial to the delivery of the Welsh Government's Circular Economy strategy and overarching Programme for Government and Net Zero Wales commitments.

Natural Resources Wales (NRW) Sponsorship & Environment Protection

Natural Resources Wales

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2451 - Natural Resources Wales	105,335 10,000 non-cash	27,806
Purpose of BEL		
<p>This BEL provides Grant in Aid to Natural Resources Wales for its primary operational and regulatory responsibilities. Natural Resources Wales is the principal environmental adviser and regulator to Welsh Government and help to deliver a wide range of ministerial priorities and commitments, in delivering action to address the climate and nature emergencies.</p> <p>Capital funding is also provided to Natural Resources Wales to support their core capital funded activities which include scheme development work (including business case development), mapping and modelling projects, staff costs, ICT for flood projects, car fleet/plant hire and capital maintenance. This budget includes flood risk funding.</p> <p>Non-cash totals £10m</p>		

Environment Protection

BEL description	Resource Budget £'000	Capital Budget £'000
BEL 2817 – Environment Protection (was Radioactivity and Pollution Prevention)	6,805	2,686
Purpose of BEL		
<p>This BEL supports the policy and legislative work in respect of air quality, chemicals, environmental noise, industrial pollution, and radioactivity/radioactive waste. This includes implementing associated legislation as necessary to deliver those policy measures. It also covers the management of infraction cases, including some legal costs, associated with industrial pollution and air quality.</p>		

Environment Legislation & Governance

BEL description	Resource Budget £'000	Capital Budget £'000
2812 - Environment Legislation and Implementation, Governance and Communications	2,891	-
Proposed BEL activity		
<p>The BEL provides budgetary cover for legislation, governance and legal costs affecting MEG environmental and related programmes and includes the programme staffing costs for a solicitor.</p> <p>The BEL also support the Ministerial commitment to further the sustainable management of natural resources and the implementation of the Environment Act through a number of delivery schemes. It supports the staff posts required to run and manage these schemes and grant programmes. It also helps to support the international Eco-Schools programme across Wales, the Ministerial commitment to the tree planting and climate change educational programme delivered by charity Size of Wales.</p> <p>It also provides for preparatory work for the new Environmental Governance Body.</p> <p>This budget also supports work to embed the Environment (Wales) Act 2017 and the Natural Resource Policy.</p>		

Climate Change

Welsh Government Energy Service

BEL description	Revenue Budget £000	Capital Budget £000
BEL 2809 – Welsh Government Energy Service (WGES)	4,250	22,200
Purpose of BEL		
<p>BEL 2809 Welsh Government Energy Service - This investment is to support public bodies to undertake energy efficiency, and renewable energy projects. It also supports communities to develop renewable energy projects. reduce their energy costs and invest in renewable energy sources. It also supports the Climate Innovation programme (previously known as the Smart Living initiative) which stimulates placed-based pre-market decarbonisation innovation).</p> <p>This budget also covers implementation of the net zero public sector route map, publication of the Welsh public sector carbon emissions annual report and guide.</p> <p>Additional FTC capital funding of £10.2m is also included above.</p>		

Climate Change Action

BEL description	Revenue Budget £000	Capital Budget £000
BEL 3771 – Climate Change Action	3,867	-
Purpose of BEL		

Climate Adaptation

- Deliver work to understand the current state of climate risk preparedness across the public sector and identify any constraints to adaptation planning
- Fund activity to address gaps and opportunities on climate adaptation in the wider public sector

Decarbonisation Programme

Funding to develop the next iteration of the Net Zero Wales Delivery Plan which will detail how we intend to meet emission reduction targets and our Carbon Budget. This includes evidence and analysis to develop decarbonisation pathways; policy development and implementation including for a Just Transition Framework; and Wales' contribution to fund the Climate Change Committee which provides advice to WG on both adaptation and mitigation. The budget also covers staff costs, development, training and T&S.

Decarbonisation Innovation / Smart Living

Includes technical and analytical support for development of innovative and whole systems solutions to place-based issues. The funding will be focussed at multi-energy vector and multi-sector infrastructure and technology, processes and systems approaches involving public, private and academic key stakeholders.

Emissions Trading Scheme and Carbon Pricing

Funding to implement the Welsh Government's obligations as part of the UK ETS Authority. These include costs for maintaining and developing the IT system, research and translation. The budget also covers staff costs associated with further enhancing and improving the UK ETS. Should funding allow, early research will be commissioned to understand in which sectors a carbon pricing signal may be helpful in meeting our long-term carbon reduction targets.

Climate-led Behavioural Change Programme

Funding to deliver the commitments made in the Climate Public Engagement Strategy, including engagement (through Wales Climate Week and Climate

Conversations workshops) with stakeholders and the general public to involve them in shaping the right policy solutions, social research to build our understanding around the barriers people face and motivations around making green choices, and on-going national communications (digital focus), and enhancements to the climateaction.gov.wales digital hub to encourage action on climate change

International Climate Action

Membership of groups representing sub-national states and regions, including the Under2 Coalition, enabling Wales to have its voice heard on the international stage, including at COP.

BEL description	Revenue Budget £000	Capital Budget £000
BEL 2807 – Invest 2 Save – Green Growth	204	1,052
Purpose of BEL		
Contributions towards the investment is to support public bodies to undertake energy efficiency, and renewable energy projects		

Annex B – Detailed breakdown of Draft Budget 2026-27 allocations at BEL level

The table below summaries the adjustments made to the 2025-26 Final Budget baselines. For Fiscal Resource (revenue) the adjustments relate to recurrent allocations made during 2025-26 in respect of the public sector pay award and national insurance changes.

RESOURCE BUDGET			£'000					
Action	BEL No.	BEL Description	Plans as per 2025-26 Final Budget February 2025	Baseline Changes for 2026-27	2026-27 Revised Baseline	2026-27 Revised Baseline Changes	2026-27 Draft Budget October 2025	% Change
Develop and Deliver Overarching Policy and Programmes on Sustainable Development and Natural Resource Management	2812	Environment Legislation and Implementation, Governance and Communications	1,977	7	1,984	907	2,891	46%
Total Develop and Deliver Overarching Policy and Programmes on Sustainable Development and Natural Resource Management			1,977	7	1,984	907	2,891	46%
Develop and Implement Climate Change Policy, Green Growth and Environmental Protection	2809	Welsh Government Energy Service	4,170	0	4,170	80	4,250	2%
	2807	Invest 2 Save - Green Growth	200	0	200	4	204	2%
	2817	Environment Protection	6,722	16	6,738	67	6,805	1%
	3771	Climate Change Action	3,796	18	3,814	53	3,867	1%
Total Develop and Implement Climate Change Policy, Green Growth and Environmental Protection			14,888	34	14,922	204	15,126	1%

Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation	2230	Flood Risk Management & Water Policy Delivery	6,481	(3,482)	2,999	570	3,569	19%
Total Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation			6,481	(3,482)	2,999	570	3,569	19%
Deliver Nature Conservation and Forestry Policies and Local Environment Improvement	2195	Landfill Disposals Tax Communities Scheme	500	0	500	10	510	2%
	2825	Biodiversity and Evidence	11,520	5	11,525	(454)	11,071	(4%)
	2827	Forestry	6,436	0	6,436	105	6,541	2%
	2820	Local Places for Nature	2,650	0	2,650	53	2,703	2%
Total Deliver Nature Conservation and Forestry Policies and Local Environment Improvement			21,106	5	21,111	(286)	20,825	(1%)
Sponsor and Manage Delivery Bodies	2451	Natural Resources Wales	100,324	3,163	103,487	1,848	105,335	2%
Total Sponsor and Manage Delivery Bodies			100,324	3,163	103,487	1,848	105,335	2%
Increase Resource Efficiency and Support Transition to a Circular Economy	2190	Resource Efficiency and Circular Economy	35,800	48	35,848	667	36,515	2%
Total Increase Resource Efficiency and Support Transition to a Circular Economy			35,800	48	35,848	667	36,515	2%

Promote and Support Protected Landscapes, Wider Access to Green Space	2490	Designated Landscapes & Countryside Access	13,051	325	13,376	298	13,674	2%
Total Promote and Support Protected Landscapes, Wider Access to Green Space			13,051	325	13,376	298	13,674	2%
Coal Tip & Reservoir Safety	2232	Coal Tip & Reservoir Safety Delivery	5,836	(1,958)	3,878	6,000	9,878	155%
Total Coal Tip & Reservoir Safety			5,836	(1,958)	3,878	6,000	9,878	155%
Restore, Maintain and Improve Marine Environment	2875	Marine Policy, Evidence and Funding	2,361	3	2,364	48	2,412	2%
Total Restore, Maintain and Improve Marine Environment			2,361	3	2,364	48	2,412	2%
Environment and Wildlife Management	2802	Plant and Wildlife Protection, Peatlands and Regulation	1,407	11	1,418	682	2,100	48%
Total Environment and Wildlife Management			1,407	11	1,418	682	2,100	48%
CLIMATE CHANGE - TOTAL RESOURCE BUDGET			203,231	(1,844)	201,387	10,938	212,325	5%

CAPITAL BUDGET			£'000					
Action	BEL No.	BEL Description	Plans as per 2025-26 Final Budget February 2025	Baseline Changes for 2026-27	2026-27 Revised Baseline	2026-27 Revised Baseline Changes	2026-27 Draft Budget October 2025	% Change
Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection	2809	Welsh Government Energy Service	12,000	0	12,000	0	12,000	0%
	2807	Invest 2 Save - Green Growth	1,052	0	1,052	0	1,052	0%
	2817	Environment Protection	2,686	0	2,686	0	2,686	0%
Total Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection			15,738	0	15,738	0	15,738	0%
Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation	2230	Flood Risk Management & Water Policy Delivery	31,521	(1,500)	30,021	3,478	33,499	12%
Total Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation			31,521	(1,500)	30,021	3,478	33,499	12%
	2825	Biodiversity Evidence & Plant Health	12,500	0	12,500	(1,000)	11,500	(8%)

Deliver Nature Conservation and Forestry Policies and Local Environment Improvement	2827	Forestry	9,310	0	9,310	0	9,310	0%
	2820	Local Places for Nature	12,564	0	12,564	0	12,564	0%
Total Deliver Nature Conservation and Forestry Policies and Local Environment Improvement			34,374	0	34,374	(1,000)	33,374	(3%)
Environment and Wildlife Management	2802	Plant and Wildlife Protection, Peatlands and Regulation	0	0	0	5,200	5,200	100%
Total Environment and Wildlife Management			0	0	0	5,200	5,200	
Sponsor and Manage Delivery Bodies	2451	Natural Resources Wales	27,806	0	27,806	0	27,806	0%
Total Sponsor and Manage Delivery Bodies			27,806	0	27,806	0	27,806	

Increase Resource Efficiency and Support Transition to a Circular Economy	2190	Resource Efficiency and Circular Economy	41,853	0	41,853	(4,200)	37,653	(10%)
Total Increase Resource Efficiency and Support Transition to a Circular Economy			41,853	0	41,853	(4,200)	37,653	(10%)
Promote and Support Protected Landscapes, Wider Access to Green Space	2490	Designated Landscapes & Countryside Access	8,900	0	8,900	0	8,900	0%
Total Promote and Support Protected Landscapes, Wider Access to Green Space			8,900	0	8,900	0	8,900	0%
Coal Tip & Reservoir Safety	2232	Coal Tip & Reservoir Safety Delivery	38,217	(23,000)	15,217	25,000	40,217	164%
Total Coal Tip & Reservoir Safety			38,217	(23,000)	15,217	25,000	40,217	164%
CLIMATE CHANGE - TOTAL CAPITAL BUDGET			198,409	(24,500)	173,909	28,478	202,387	16%

CAPITAL FT BUDGET			£'000					
Action	BEL No.	BEL Description	Plans as per 2025-26 Final Budget February 2025	Baseline Changes for 2026-27	2026-27 Revised Baseline	2026-27 Revised Baseline Changes	2026-27 Draft Budget October 2025	% Change
Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection	2809	Welsh Government Energy Service (Capital FT)	10,000	(10,000)	0	10,200	10,200	N/A
Total Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection			10,000	(10,000)	0	10,200	10,200	N/A
CLIMATE CHANGE - TOTAL CAPITAL FTC BUDGET			10,000	(10,000)	0	10,200	10,200	N/A