

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:	For further information contact:
Video Conference via Zoom	Liz Wilkinson
Meeting date: 14 January 2021	Committee Clerk
Meeting time: 13.30	0300 200 6361
	SeneddCCERA@senedd.wales

Private pre-meeting (13.30–13.45)

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv.

Public meeting (13.45–15.30)

1 Introductions, apologies, substitutions and declarations of interest

(13.45)

2 Scrutiny of the Welsh Government Draft Budget 2021–22

(13:45–14:30)

(Pages 1 – 36)

Lesley Griffiths MS, Minister for Environment, Energy and Rural Affairs

Gian Marco Currado, Director, Environment and Marine

Christianne Glossop, Chief Veterinary Officer

John Howells, Director Climate Change, Energy and Planning

Dean Medcraft, Director Finance & Operations

Tim Render, Director, Land, Nature and Food



Attached Documents:

Welsh Government paper – Draft Budget 2021–22

Welsh Government paper – Budget Expenditure Line (BEL) Table

Break (14.30–14.40)

3 Scrutiny of the Welsh Government Draft Budget 2021–22

(14:40–15:30)

Lesley Griffiths MS, Minister for Environment, Energy and Rural Affairs

Gian Marco Currado, Director, Environment and Marine

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Dean Medcraft, Director Finance & Operations

Tim Render, Director, Land, Nature and Food

4 Paper(s) to note

(15:30)

4.1 Correspondence from the Minister for Environment, Energy and Rural Affairs in relation to interim arrangements for environmental governance

(Pages 37 – 38)

Attached Documents:

Letter

4.2 Correspondence from the Chair to the Llywydd in relation to interim arrangements for environmental governance

(Pages 39 – 40)

Attached Documents:

Letter

4.3 Correspondence from the Chair to the Minister for Environment, Energy and Rural Affairs in relation to the Supplementary Legislative Consent Memorandum for the Environment Bill

(Pages 41 – 42)

Attached Documents:

Letter

4.4 Correspondence between the Scottish Parliament's Environment, Climate Change and Land Reform Committee and the Chair in relation to the Common Framework on the UK Emissions Trading Scheme

(Pages 43 – 46)

Attached Documents:

Letter from the Scottish Parliament

Response from the Chair to the Scottish Parliament

4.5 Correspondence from the Minister for Housing and Local Government in relation to Hazardous Substances (Planning) Common Framework

(Pages 47 – 48)

Attached Documents:

Letter

4.6 Letter from the Chair, Housing, Communities and Local Government Committee, House of Commons to the Minister of State for Housing in relation to Hazardous Substances (Planning) Common Framework

(Pages 49 – 50)

Attached Documents:

Letter

4.7 Correspondence from the Minister for Environment, Energy and Rural Affairs in relation to the UK Agriculture Bill – Third Reading

(Pages 51 – 53)

Attached Documents:

Letter

- 4.8 Correspondence from the Minister for Environment, Energy and Rural Affairs to the Chair Legislation, Justice and Constitution Committee in relation to the UK Fisheries Bill**

(Pages 54 – 56)

Attached Documents:

Letter

- 4.9 Further correspondence between the Chair and the Minister for Environment, Energy and Rural Affairs in relation to Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019.**

(Pages 57 – 58)

Attached Documents:

Letters

- 4.10 Correspondence from Farmers' Union Wales in relation to the UK Government's Spending Review**

(Pages 59 – 62)

Attached Documents:

Letter

- 5 Motion under Standing Order 17.42 (vi) and (ix) to resolve to exclude the public from the remainder of the meeting**

Private meeting (15:30–16:00)

- 6 Scrutiny of the Welsh Government Draft Budget 2021–22:
Consideration of evidence received under items 2 and 3**

7 Legal briefing and consideration of the Supplementary Legislative Consent Memorandum for the UK Environment Bill

(Pages 63 – 73)

Attached Documents:

Legal note

Supplementary Legislative Consent Memorandum (Memorandum No 2)

8 Consideration of draft letter in relation to Hazardous Substances (Planning) Common Framework

(Pages 74 – 104)

Attached Documents:

Draft letter

Correspondence between the Minister for Housing and Local Government and the Chair

Agenda Item 2

Climate Change, Environment and Rural Affairs Committee

Date: Thursday 14 January 2021
Time: 13:45 – 15:15
Title: Evidence paper – Draft Budget 2021-22
Cabinet Secretary for Environment, Energy and Rural Affairs

Purpose

1. This paper provides information to the Climate Change, Environment and Rural Affairs Committee on the Environment, Energy and Rural Affairs (EERA) (MEG) proposals outlined in Draft Budget 2021-22, published on 21 December. It also provides an update on specific areas of interest to the Committee.

Background

2. The draft budget 2021-22 provides a one-year plan for revenue investment and a one-year for capital investment. The tables below provide an overview of the Environment, Energy and Rural Affairs (MEG) as published in Draft Budget 2021-22.
3. The draft budget figures are summarised as follows:

Table 1. Summary changes to EERA MEG Draft Budget 2021-22

EERA MEG			£m
EERA Summary	2020-21 Restated £m	Changes	2021-22 Draft Budget £m
Revenue DEL	475.482	32.077	507.559
Non Cash DEL	21.675	0.000	21.675
Capital DEL	154.892	35.000	189.892
Total DEL	652.049	67.077	719.126
Resource AME	2.400		2.400
Total AME	2.400		2.400

Note: 2020-21 Restated is Final budget adjusted for non-recurrent EU Transition Funding

4. To enable a like for like comparison of the 2021-22 draft budgets with the 2020-21 final restated budgets, the attached Budget Expenditure Line (BEL) table will detail all of the movements from both MEG to MEG and Intra MEG changes.

Strategic Context to the 2021-22 Draft Budget

5. In light of the Coronavirus crisis, the UK Government conducted a one-year Spending Review in November rather than conducting the planned multi-year Comprehensive Spending Review. The Spending Review set our settlement for 2021-22 only. While we had hoped to be in a position to provide longer-term financial certainty for our partners, we are now only able to set revenue and capital plans for a single year.
6. Our approach has therefore been to maximise the impact of available resources recognising that we will need to continue to deal with the impact of the pandemic alongside driving forward longer-term change. The allocations show how we are using the resources available to **Protect** public health and jobs as we continue to fight the pandemic, **Build** a greener future whilst making **Changes** for a fairer, more equal Wales. These are the principles, which anchor our approach to the allocation of funding and our budget proposals.
7. The past year has seen Wales face uncertainty and challenges not only through the Covid-19 pandemic, but also as a result of the EU exit transition period which ends on 31st December. We have been disappointed by the lack of transparency and meaningful engagement from the UK Government on transition matters and EU programme replacement funding, and even more so by the UK Government's failure to fulfil its commitment to replace EU funding in full at the November 2020 Spending Review.
8. Even where we were provided with funding in the Spending Review, the replacement farm funding provided by the UK Government is £137m less than we would expect for 2021-22, which will have impacts for our rural communities and environment. The UK Government's proposal for a UK-wide Shared Prosperity Fund will be worth just £220 million next year for the whole UK – a significant reduction compared to the £375m per year from which Wales alone currently benefits through the European Structural and Investment Funds.
9. On fisheries, 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 we have received for fisheries and farm support is reflected in MEG allocation for the Environment, Energy and Rural Affairs portfolio.
10. From the outset, the Cabinet have prioritised health, together with providing local government with the best possible settlement. Our preparations has been shaped by our focus on **protecting** health and jobs, **building** a greener future and driving **change** for a more equal, fairer Wales.

11. The publication of the UK Government's one-year Spending Review on 25 November impacted upon the timing of this year's budget. The Welsh Government has, with the agreement of the Senedd's Business Committee and Finance Committee, triggered exceptional arrangements in relation to this year's budget process.
12. This includes publishing the budget documentation, including the strategic spending plans for revenue and capital, taxation and borrowing proposals, as well as detailed portfolio spending plans together on 21 December. Following scrutiny of these plans by Senedd Cymru, we will publish the final Budget 2021-22 on 2 March 2021.

2021-22 Draft Budget – Resource Revenue

13. The Restated Revenue baseline includes adjustments for EU transition funding, invest to save repayments, a re-alignment of Ministerial responsibilities from the Housing and Local Government (HLG) MEG and the addition to the baseline of the Previous EU funded Farm Funding Basic Payment Scheme (BPS).

Table 2. Reconciliation of Opening Baseline

	2021-22 Draft Budget £m
Opening Resource Revenue Budget	
2020-21 Published Final Budget	195.095
2020-21 Ministerial Re-alignment from HLG	48.658
Basic Payment Scheme Added to Baseline	231.145
Adjust for Non Recurrent EU Transition Funding	(0.170)
Adjust for Invest to Save Repayment	0.754
Adjusted Baseline as per Cabinet Paper 14 Dec	475.482

14. The Cabinet on 14 December 2020 presented indicative MEG level allocations, by our focus on **protecting** health and jobs, **building** a greener future and driving **change** for a more equal, fairer Wales. The indicative allocations show there has been a net increase of £33m (7%) to the EERA Resource budgets. This includes reductions to the MEG in respect of previous year non recurrent funding and a MEG to MEG transfer of £1.145m to the Housing and Local Government MEG in respect of the Coastal Risk Management Programme.
15. Additional funding has been allocated to the “Building a Greener Future” priority of the Welsh Government Draft Budget. Additional allocations of £5m to Clean Energy and Fuel Poverty, £5m to Biodiversity, £13.2m towards Post EU Farming and Fisheries, and £6.6m to the Circular Economy.

Table 3. Allocation of Additional Resource - Revenue from Cabinet

	2021-22 Draft Budget £m	
Adjusted Opening Baseline	475.482	
Prior Commitment – Coastal Risk Management Programme	3.363	
Specific Allocations	16.624	
Post EU Farm and Fisheries	13.235	
Total of Allocations	33.222	
Transfer of Funds to Housing and Local Gov MEG	(1.145)	
Draft Budget 2021-22 Revenue Budget (See Bel Table)	507.559	
	BEL	
Application of Additional Allocations (£33.222m)		
Energy - Fuel Poverty	1270	1.058
Energy - Welsh Government Energy Service	2809	2.334
Energy - Climate Change Action	3771	1.608
Flood - Coastal Risk Management Program (CRMP)	2230	3.363
Biodiversity - Biodiversity, Evidence and Plant Health	2825	3.550
Biodiversity - Landscape and Outdoor Recreation	2490	1.450
Resource Efficiency and Circular Economy	2190	6.624
EU Funded Fisheries Schemes	2830	2.100
Agriculture EU Pillar 1 Payments (BPS) top up	2787	6.855
Rural Development Plan	2949	4.280
Total Allocations to BEL's		33.222

2021-22 Draft Budget - Capital

16. For EERA, there has been a net increase in the capital budget of £35m in 2021/22. Of this £15m has been allocated to Clean Energy and Fuel Poverty and £20m to Circular Economy.
17. Capital investment on infrastructure plays a significant role in meeting the carbon reductions needed. The carbon impact of investment proposals was a key consideration in allocating funding for new capital investment alongside the Wales Infrastructure Investment Plan, and I am pleased to have been able to allocate significant capital investment across Clean Energy and the Circular Economy which contributes significantly to the Decarbonisation and impacts of Climate Change.

Table 4. Additional Capital Allocations 2021-22

Summary Capital Budget Changes	2021-22 Draft Budget £m
Opening Capital Budget 2020-21	130.992
2020-21 Ministerial Realignment from HLG MEG	26.400
Adjust for Non Recurrent EU Transition Funding	(0.500)
Non Recurrent Financial Transaction Funding	(2.000)
Additional Funding-Fuel Poverty (BEL 1270)	4.000
Additional Funding-Welsh Government Energy Service (BEL 2809)	11.000
Additional Funding-Circular Economy (BEL 2190)	20.000
Draft Capital Budget 2021-22	189.892

Programme for Government – Prosperity for All

18. I have approached the budget preparations by looking at the evidence of needs and pressures in our priority areas in our National Strategy – Prosperity for All including Decarbonisation. This approach is reflected in my decision to invest in and protect our public services and preventative programmes and to balance short-term and long-term needs.
19. We are using this budget to help mobilise every community in Wales to play its part in responding to the climate emergency we face. Tackling climate change will require more than government spending alone. Therefore our most powerful initiatives are not necessarily those to which receive the highest financial investment but those which provide the opportunity for people in Wales to invest their time and energy to take direct action on tackling climate change.
20. The greatest physical risk to our communities from climate change is through the increasingly intense storms, flooding and coastal erosion which we are already witnessing in Wales. In this budget we are defending Welsh communities from the most severe and immediate impacts of climate change, as part of £140m of capital investment over this Assembly term. In addition, we are helping to raise a further £150m over three years in collaboration with Welsh Local Authorities to protect more than 18,000 homes as part of our Coastal Risk Management Program.
21. The greatest risk to social justice in Wales arising from climate change is the impact on home energy costs. In this budget we are committing £31m, including £8m of European Union funding, to fund energy efficiency measures for 25,000 households. This investment will prioritise those in greatest need including people living with circulatory and respiratory conditions.

22. In 2021-22 we are allocating an additional £15m of capital funding and £5m of revenue on top of existing budgets to ensure that we maximise the benefits of both our fuel poverty, and renewable energy programmes, taking our total investment in these programmes in 2021-22 to £40m.
23. This Government has committed to increasing our climate change ambition in line with the Committee on Climate Change's Net Zero advice. We are continuing to invest in our ambition in a way which creates opportunities for the Welsh economy and supports our communities, making them healthier and fairer.
24. Woodlands and trees can play an important role in supporting biodiversity, both in urban and rural locations. At the heart of our approach to tackling the decline and biodiversity our National Forest programme aims to improve the condition and connectivity of our most precious ancient woodlands and to accelerate the rate of tree planting. Not only have we maintained the £4.5m of capital funding we provided this year, we are investing an additional £5m of revenue funding to accelerate that programme.
25. The National Forest will create more mixed woodlands, expand existing woodlands, bring them into active management supporting tree health and tackling pests and diseases early and look for opportunities to connect woodlands together in time supporting ecological resilience.

Decarbonisation, Carbon Budgets and higher statutory emissions reductions target

26. We have continued to focus our budget preparations across Government on decarbonisation.
27. The 100 policies and proposals set out in Low Carbon Wales are the actions we have identified over 2016-2020 that will deliver our first carbon budget and 2020 interim target. It is these 100 actions based on the Climate Change Committee (CCC) evidence that either directly reduce emissions or contribute to the transition to a low carbon economy in a fair way that will allow us to meet our legislative targets and enter us onto our emission reduction pathway.
28. Since the publication of our Plan, we declared a climate emergency and accelerated our ambition. Last year I accepted the CCC's recommendation to increase Wales's 2050 target to 95% and requested further advice on how the new 2050 target affects the interim targets and carbon budgets set in 2018. We have now received further advice and the advice from the CCC is clear on the basis of evidence and independent analysis, that there is a credible, feasible and affordable path to net zero for Wales by 2050.

29. We are now focussing on the development of our next Low Carbon Delivery Plan, which will cover the second carbon budget period. We have started to develop the Plan and the policies and proposals to meet our second carbon budget. We already know that the increased ambition will mean an increased scale and rate of the policy effort required to meet our new target. These actions will need to be funded by the financial budgets relating to that period of time and will be determined by the actions we choose to take. We are currently reviewing the advice from the CCC.
30. There is an important opportunity we have to align the preparations of both our next plan to meet the second carbon budget for 2021-26 and the successor to the current Wales Infrastructure Investment Plan.
31. We need to be clear on links between the financial budget and carbon budget. The current approach is that the “carbon budget” sets the trajectory for decreasing Carbon emissions, whilst the financial budget will highlight where spending in policy areas helps achieve the objective (e.g. decarbonisation measures).
32. Most spending decisions will influence a whole range of outcomes and based on our previous experiences when we are trying to deliver multiple benefits as a Government consistent with the Well-being of Future Generations Act, attributing each pound we spend to a single outcome does not accurately or meaningfully represent the link between spending and outcomes. Therefore our approach has been to identify projects that support emissions reductions can be given, rather than representing the entirety of the Welsh Government's spend on climate change mitigation.

How Welsh Government are responding to its declaration of a “climate emergency” and how it has influenced budget allocations

33. As part of our work to address the Climate Emergency and to deliver against the commitment for the public sector to be net zero by 2030, the circular economy funding will also continue to support the roll-out of Ultra-Low Emission Vehicles for recycling and waste collection. As well as reducing carbon emissions, this help to improve air quality, reduce noise, increase efficiency and lower long-term maintenance costs whilst also helping to capture greater added value from local renewable energy generation and supporting the wider growth in green jobs.
34. In this way, the additional funding allocation to a circular economy will help communities, town centres, schools, universities, businesses and local authorities to make the circular economy a reality in Wales. This funding will enable us to continue our work to not only improve recycling, but also address social inequalities. This includes building on the rapid expansion of Repair Cafés to create town centre and community hubs across Wales where people can take goods to be repaired or access items for re-use.

35. Welsh Government is committed to a green and blue recovery from Covid-19 and enhancing biodiversity which underpins our health, economy and wellbeing. The renewed Nature Recovery Action Plan, the National Forest and restoring Natura 2000 sites and peatlands are some of the initiatives we are taking to achieve this.
36. As a Government we have acknowledged the escalating nature emergency and that we, along with the rest of the UK and the world, have failed to make enough progress against the global targets, and the outcome of reversing the decline in biodiversity.
37. Through our policy initiatives we have taken action to truly embed biodiversity consideration across government in line with our Natural Resources Policy, the Nature Recovery Action Plan, our section 6 biodiversity and resilience of ecosystems duty, and most notably through our budgeting process.
38. I have acknowledged the escalating nature emergency, and that we, along with the rest of the UK and the world, have failed to make enough progress against the global targets, and the outcome of reversing the decline in biodiversity.
39. My officials are currently working with the UK biodiversity framework, the sub-national regions and governments and the Convention on Biological Diversity to develop ambitious indicators and targets for the next decade.
40. The Welsh and UK Governments are dependent on one another to achieve our climate ambitions. The UK's sixth carbon budget depends on Wales playing its part, just as Wales cannot meet our targets without UK Government action. I look forward to working with the UK Government to ensure the benefits and costs of the transition to net zero are shared fairly by all parts of the UK.
41. Emissions data suggests we are on track to achieve our first carbon budget and the 2020 target but future budgets and targets will be even more demanding. We all need to redouble our efforts if Wales is going to make its fair contribution to tackling the climate emergency.

How the setting of biodiversity as the eighth PFA priority has influenced this year's budget setting process and budgets that will contribute to reversing the decline in Biodiversity

42. Last year, including biodiversity as one of the 8 cross cutting priorities for the first time, raised awareness of its importance and acknowledging the urgent need to reverse the decline in biodiversity. This year included a call to prioritise capital investment in climate change and biodiversity alongside our key investments in housing, town centres and public transport in the

allocation of additional capital funding, as well as mandatory consideration through impact assessments.

43. A Biodiversity Taskforce was funded through the 2020-21 budget to mainstream biodiversity across government delivery – additional funding has been provided for 2021-22 to continue this work.
44. The £33m funding package allocated specifically for biodiversity, nature and the National Forest allows us to build on the projects and programmes we have in place to help meet our national and international commitments for biodiversity, tackling the nature and climate emergencies whilst ensuring that our recovery from Covid is truly a green one.
45. The **Green Recovery Fund** working with the National Lottery Heritage Foundation will deliver improvements for nature that local communities are able to directly benefit from with improved access. This compliments our **Local Places for Nature Programme** which will be expanded and create 'nature on your doorstep' in more of our communities across Wales.
46. We will continue to take action to support the restoration of **Natura 2000** and other protected sites, havens to our most valuable and threatened species and habitats. Improving the condition of these sites is vital to creating resilient ecological networks across Wales whilst also providing benefits to people and businesses.
47. Continued investment in the restoration of our **Peatlands** through the National Peatland Action Programme (NPAP) will deliver benefits for biodiversity whilst also helping to tackle the effects of climate change through increased carbon capture and flood prevention.
48. The continued development of the **National Forest** will provide additional opportunities to enhance biodiversity through better-connected and managed woodlands.

Preventative spend

49. The carbon impact of investment proposals was a key consideration in allocating funding for new capital investment, alongside the Wales Infrastructure Investment Plan. Capital investment on infrastructure and preventative measures plays a significant role in meeting the carbon reductions needed.
50. We need to understand the impact of our policies to limit unintended consequences. This will include the development of our wider evidence base such as an emissions modelling tool. This will allow us to develop future policies and proposals in a way that maximise the goals and limit unintended consequences.

51. In addition, in Prosperity for All: A Low Carbon Wales, the Welsh Government committed to establish a climate justice advisory group to ensure our transition avoids unintended consequences. Officials are now working with the Wales Centre of Public Policy to explore the evidence needs to ensure just transition combines' decarbonisation with a commitment to social and economic justice.
52. The National Strategy for Flood and Coastal Erosion Risk Management sets out the objectives for the management of flood and coastal erosion. Recent research shows that an investment of £100m reduces risk for 7,000 homes and business, protects over 14,000 jobs and creates over 1,000 jobs. Additionally, spending money on maintenance reduces the risk of asset failure.
53. Our continued investment into Welsh Government Energy Service shows how our innovative thinking is making budgets go further across Welsh Government. We are making investments which not only reduce emissions, but enable cash savings by public bodies spending less on their energy bills. It focuses in infrastructure projects which will reduce carbon emissions, including renewable energy generation, resource efficiency, and energy from waste projects.
54. By investing into tackling fuel poverty, we make a contribution to tackling a range of negative impacts including cold related health conditions, excess winter deaths, educational attainment of children and time off school and work due to sickness. The findings of research shows the Warm Homes Nest scheme is having a clear positive impact on the health of recipients with a reduction in the use of the NHS by those receiving energy efficiency measures through the scheme.
55. Our investment in animal disease eradication programmes are preventative in nature. For example, the ultimate outcome TB Eradication Programme is the successful eradication of bovine TB, which will bring with it a reduction on eradication spend and compensation spend as well as a reduction to the consequential losses faced by the industry, thereby boosting the Welsh economy.

Evidence Based Policy Making

56. 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).
57. 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.

58. For example, I am taking forward the manifesto commitment to a National Forest in the form of a forestry programme that would deliver a range of benefits. ERAMMP will aid in establishing a National Forest by providing a range of evidence over four key phases. The evidence pack will support Forestry Policy in developing and evidencing the key aspects of the National Forest, specifically by supporting a business case which will specify the objectives and outcomes of the National Forest.
59. 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.
60. Another example is the National Strategy for Flood and Coastal Erosion Risk Management which sets out the objectives for the management of flood and coastal erosion. There is a good level of evidence from existing flood risk maps (for river, coastal and surface water flood risk), Flood Risk Management Plans, local strategies, the National Flood Risk Assessment and the Communities at Risk Register.
61. We will also be working with the NRW, the UK and Scottish Governments and the Northern Ireland Executive to develop proposals for an integrated UK marine biodiversity monitoring programme, which includes monitoring within MPAs. This work is progressing in collaboration with science and policy experts through the UK's Marine Assessment and Reporting Group and the Healthy and Biologically Diverse Seas Evidence Group. This programme of monitoring would deliver the evidence required to confidently assess and report on the health and status of our marine biodiversity and our progress towards meeting good environmental status, in alignment with our commitments in the UK Marine Strategy.

Wellbeing of Future Generations

62. 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.
63. For example, our Warm Homes Programme makes significant contributions across many of Welsh Government's wellbeing objectives under our National Strategy "prosperity for all" including promoting good health and wellbeing. This is achieved through the creation of jobs and

business opportunities, long term improvement of the housing stock, reducing carbon emissions and tackling fuel poverty and its range of associated negative impacts on health, wellbeing and educational attainment.

64. The Welsh Government is committed to safeguarding our marine environment for future generations, through the sustainable management of our natural resources. A key tool in achieving this objective is our network of 139 Marine Protected Areas (MPAs) which cover 69% of Welsh inshore waters and 50% of all Welsh offshore waters.
65. The Environmental Growth Plan intends to be an overarching narrative for what we are doing across Welsh Government to deliver a greener Wales, setting a strategic, more joined-up approach, which is focussed on outcomes. The seven well-being goals under the sustainable development principle provide a clear framework for creating the Plan, with the five ways of working underpinning the way we operate.
66. For example the Environmental Growth plan will be long term and preventative aiming to halt and reverse the decline in nature. It aims to be integrated and collaborative across Welsh Government, the wider public service, engaging both the private and third sectors. The intention is also to deliver wider benefits such as using the natural environment to promote mental and physical health and well-being and removing barriers to health e.g. air pollution.
67. The First Minister's manifesto commitment for a new national forest will help support the aims of Woodlands for Wales, as well as priorities relating to biodiversity, commercial forestry, construction, community cohesion and regeneration, and health and well-being.

Impacts on Equality, Welsh Language and Children's Rights

68. 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.
69. 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.
70. The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.

Welsh Language

71. The Welsh Language (Wales) Measure 2011 and proposed Standards require us to do the following three things:

1. Consider the effects or impacts of our policy decisions on the Welsh language (both positive and negative)
2. Consider how to increase positive effects, mitigate or reduce adverse effects and take all opportunities to promote the use of Welsh
3. Seek views on the effects on the Welsh language when engaging or consulting and to seek the view of Welsh speakers and users of the language.

72. As part of the Integrated Impact Assessment process, we have considered the impact of our budget decisions on the Welsh Language, and have identified no significant impacts on the provision of Welsh language services.

Children's Rights

73. 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.

74. 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;
- give balanced consideration to the rights in the UNCRC when they use all their legal powers or duties.

75. 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.

Covid 19 Reconstruction

76. The Welsh Government's *COVID-19 Reconstruction: Challenges and Priorities* puts the circular economy at the heart of our approach to reconstruction, with action on the circular economy being a key part of a green recovery. The additional funding allocated to a circular economy will continue the work, which is already supporting action across Wales

through the Circular Economy Fund. We will continue the work to not only improve recycling but also address social inequalities. This includes building on the rapid expansion of Repair Cafés to create town centre and community hubs across Wales where people can take goods to be repaired or access items for re-use.

77. We will also continue the Circular Economy Fund's support of action by publicly funded bodies to take action. This has already seen 112 projects across Wales by schools, universities, hospitals, town and community councils and other publicly funded bodies - ranging from community improvements in recycling to cutting edge innovation in our Universities.
78. For example the community foodshare hubs in Gwynedd, Llangollen Town Council's mobile Share & Repair Shed, the installation of milk dispensers and beakers for schools across Ceredigion County Council along with Cardiff University Centre for Redesign, Repair, Remanufacture, and Reuse and Swansea University's Circular Economy Life Cycle Analysis Research Lab.
79. The fund is also supporting improved economic resilience through the shortening of supply chains, by for example taking advantage of our world class recycling and supporting businesses to use the recycled materials. This in turn stimulates economic activity and skills opportunities in resource efficiency, with research showing that moving to a more circular economy could create up to 30,000 new Welsh jobs and deliver savings of £2 billion in materials costs alone.
80. The pandemic has also highlighted key vulnerabilities in supply chains, and a focus on a circular economy can help shorten those supply chains, improving our economic and environmental resilience. Building on the action we have already taken to support businesses and public bodies to use more recycled materials we are committing £6.6m revenue and £20m capital funding, taking our total investment in 2021-22 to more than £82m.

Withdrawal from the European Union

81. As was evidenced in the UK Spending Review, the UK Government has not met its commitment to replace EU funding in full. We did not receive any funding in the settlement in respect replacement EU Structural and Investment Funds. A pilot programme for the UK Shared Prosperity Fund worth £220 million in 2021-22 will begin in April, paving the way for the full roll-out of the Shared Prosperity Fund in 2022-23.
82. On farm support, the funding from the UK Government announced Wales would receive £242m in EU Replacement funding for Farm Funding, which is £137m short of the amount we expected in 2021-22. The Minister for Finance and Trefnydd has written to the Chief Secretary to the Treasury requesting that the level of funding agreed for 2020-21 be revised to

include an additional £42m in respect of the pillar transfer we agreed at the start of the year. This would enable us to fund a quasi-like Basic Payment Scheme this financial year, which would offset some of the shortfall.

83. In their manifesto for the 2019 general election the UK Government committed to provide full replacement funding for farmers following our exit from the EU. Wales received around £337m per year through the Common Agricultural Policy.
84. The funding proposal from the UK Government falls woefully short of our expectations. It does not provide full replacement funding and it disproportionately impacts on Wales. Far from 'levelling up', as the UK Government have claimed they are committed to, it will leave Welsh farmers and rural communities over £137m short of the funding we expected.
85. I am pleased to say that my officials and I have been working closely with our colleagues in Scotland and Northern Ireland. We are united in our frustration and objection to the approach taken by the UK Government.
86. On fisheries, 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.

New Land Management Programme

87. The Land Management Reform Programme will deliver a system of agricultural support which is tailored for Wales. It will support Welsh farmers to thrive, produce sustainable food and contribute to the climate emergency. The *White Paper on Agriculture in Wales* (published 16th December) sets out a series of proposals paving the way for an Agriculture (Wales) Bill, which will be introduced in the next Senedd term.
88. This Bill will be strategic in scope, setting a support framework which can accommodate the development of agriculture and forestry within Wales for the next fifteen to twenty years. The Bill will enable farmers to be financially supported and ensure a coherent and fair system of regulation can be applied to the agricultural sector.
89. We propose to replace the current Basic Payment Scheme with a Sustainable Farming Scheme (SFS) which will place a proper value on the environmental outcomes farmers deliver (improved soils, clean air, clean water, improved biodiversity, actions to reduce global warming) alongside sustainable food production. This will help create a sustainable and resilient agriculture sector in Wales for future generations.
90. The proposed scheme (SFS) will be different to current BPS. The fundamental change will be the level of payment will be linked to the

actions which an active farmer undertakes. In addition we plan to create National Minimum Standards for agriculture, putting all agricultural regulations into one piece of legislation. To support this, we will create a new enforcement regime, using a range of civil sanctions proportionate to each individual case whilst maintain criminal sanctions for the most severe and repeat offences.

91. A range of analysis and engagement is being undertaken in 2021 to develop a solid evidence base to ensure that the proposed sustainable farming scheme is fit for purpose and to understand the impact on the agriculture sector.
92. The Land Management Reform Programme has a 400k p.a. budget to deliver the analysis and engagement.

Future Fisheries Policy

93. A written statement on the outcome of the Brexit and our Seas consultation was issued in September 2020. With our exit from the European Union, developing a Future Fisheries Policy for Wales is a key priority. We will build on the views provided through Brexit and Our Seas and continue to work, in collaboration, to deliver our Future Fisheries Policy. Currently there is no specific budget for the development of the Future Fisheries Policy; any costs will be met from within the Marine and Fisheries budget.
94. The UK Fisheries Bill received Royal Assent in November 2020. The Act enables the establishment of a clear and robust framework at a UK level for managing our fisheries and provides the necessary powers and management mechanisms for the Senedd and the Welsh Government to deliver for our distinct fisheries in Wales, following our exit from the EU.

New Environmental Governance Body

95. The Interim measures have been designed to provide a stop gap between the end of transition and the introduction of statutory measures.
96. These are, and always were, interim measures. They are a stepping stone towards a permanent body on environmental governance. The future legislative programme will be a matter for the next Senedd, but I remain committed to a permanent body being in place as soon as possible.
97. Our guiding design principle for the interim measures is to ensure that decisions made for the interim do not limit our decision making for the permanent measures.

98. In having an established set of environmental principles and a different set of bodies, Wales is already in a context where there is a legislative framework in place to build upon. In developing our approach we must ensure we complement our existing, internationally recognised, legislation and processes and institutions.
99. On 19 November, I published my response to the environmental governance task group's report. I have accepted the Task Group's recommendation for a Welsh oversight body and this is where I expect we will fully deliver against the functions previously provided by the EU Commission.

Legislation

100. Officials have looked very hard at all Category 1 legislation and numerous prioritisation exercises have taken place to reduce the overall legislative burden before the end of the current Senedd.
101. There is a significant amount of essential EU legislation needed across my portfolio to implement requirements - to ensure we have fully functioning statute book in place by end of year. We will fail to deliver core government functions if we do not get the necessary legislation in place.

Subordinate Legislation

102. There are currently 24 items of EU related subordinate legislation that are deemed essential before the end of the Implementation Period, however there is an element of dynamism to the numbers, as the amount of EU exit WSIs may still be subject to change. Failure to implement such legislation would result in a legal rupture, i.e. no transposition, implementation and compliance with EU law that will continue to apply to the UK as a general rule during the Implementation Period.
103. There are a further 14 SIs although identified as high priorities for action, that have been identified for delay into early 2021. From this figure 10 could be delayed without creating legal or trade issues.
104. The 3rd party sales of puppies and kittens is a key Ministerial commitment. These Regulations have cross party support, and I have committed to legislate by Spring 2021.
105. Animal Exhibits Regulations – Currently on hold, will be reassessed in the early 2021.

UK Agriculture Bill

106. Introduced in the House of Commons on 16 January 2020, the Bill received Royal Assent on 11 November 2020.
107. We are taking time-limited powers for the Welsh Ministers in the UK Agriculture Act to enable us to continue supporting farmers with the direct payment scheme and ensure agricultural sectors across the UK are able to continue operating effectively following our departure from the EU. The Welsh powers will expire by 31 December 2024 and will be replaced by an Agriculture (Wales) Bill to be brought forward in the Senedd.
108. The powers being taken for Welsh Ministers are intended to be temporary until an Agriculture (Wales) Bill is brought forward to design a 'Made in Wales' system which works for Welsh agriculture, rural industries and our communities. Provisions relating to Wales are contained in a separate Schedule.
109. I have now published a White Paper which sets out plans for the future of agriculture in Wales. The White Paper will pave the way for an Agriculture (Wales) Bill to be introduced in the next Senedd term.
110. I propose this Bill will be strategic in scope, setting a support framework which can accommodate the development of agriculture and forestry within Wales for the next fifteen to twenty years. The Bill will enable farmers to be financially supported and ensure a coherent and fair system of regulation can be applied to the agricultural sector.

UK Environment Bill

111. Scrutiny of the UK Environment Bill was paused on 19 March and resumed at Commons committee stage on 3 November. The Bill concluded Commons Committee stage 26 November. We now anticipate Royal Assent in May 2021.
112. I have provided written responses to the CCERA and LJC Committees reports on the LCM. The Legislative Consent debate will take place when the Bill is in the latter stages of scrutiny.
113. The UK Environmental Bill contains key powers for Wales to bring forward a Deposit Return Scheme (DRS) and to implement Extended Producer Responsibility. Powers to apply charges on single use plastic items, ensuring products meet high standards of resource efficiency and clearer labelling of the environmental impact of products for consumers in Wales

UK Fisheries Bill

114. We continue to work with the UK Government on this Bill during its final stages. The Bill has completed its passage through both houses of UK Parliament. It will now be returned to the House of Lords for final consideration, and we expect the Bill to achieve Royal Assent by the end of year.
115. The Senedd debated the Legislative Consent Motion on 6 October and agreed that provisions in the Fisheries Bill, in so far as they fall within the legislative competence of the Senedd, should be considered by the UK Parliament.
116. The Bill provides the necessary powers and management mechanisms for the Senedd and the Welsh Government to deliver for our distinct fisheries in Wales, following our exit from the EU. Crucially, the Bill retains provision to extend the legislative competence of the Senedd in matters relating to fishing, fisheries or fish health to the Welsh offshore region.
117. It remains the Welsh Government's intention to take powers for Welsh Ministers in the UK Fisheries Bill as an interim measure until a comprehensive Welsh Fisheries Bill for Wales and the Welsh zone can be brought forward.
118. We continue to work with Defra and the Devolved Administrations to put in place a UK framework which acknowledges the devolved nature of fisheries management.

Natural Resources Wales

Table 5. NRW Budget Comparison

NRW Budget	2020-21 Final £m	2021-22 Draft £m	Change in Budget £m
Revenue GIA*	59.033	59.717	0.684
Capital GIA	1.216	0.966	(0.250)
Flood Capital**	12.700	12.700	0.000
Flood Revenue**	19.750	19.750	0.000
Total	92.699	93.133	0.434

* NRW Grant in Aid BEL 2451 (Does not include Non Cash Budgets of £10m)

**Flood funding to be agreed and is part of BEL 2230, so Flat line for illustrative purposes

119. The NRW budget for 2021/22 has minor changes when compared to the 2020-21. The increase in revenue is due to changes in the Non recurrent EU Transition funding and a reinstatement of previous reductions for Invest to Save funding after repayments. The decrease in Capital funding is due to completion of £0.250m towards EU transition costs for 2020-21 only. There has been no change in core Grant In Aid (GIA) for NRW in 2021-22.

120. In this budget we are maintaining the Welsh Government GIA funding available to Natural Resources Wales, at £60m (circa £93m including flood and water management funding pending confirmation). This will enable them to boost their efforts in tackling climate change and its impact in Wales. This is through more renewable energy generation on public sector land and more natural flood management.
121. One of the biggest challenges for the Welsh Government is tackling the effects of climate change. It is imperative NRW continues to respond to our climate emergency and the increased ambition of at least a 95% emission reduction. With NRW at the forefront, delivering actions across multiple sectors aims to ensure Wales' environment will be more resilient to climate change impacts.
122. In addition to Grant in Aid (GiA) funding, NRW is in receipt of commercial income. NRW also receives several small amounts of grant funding from various parts of WG, year on year, for projects which are outside their GIA.
123. The Welsh Government has made a commitment to reverse the decline of biodiversity, which is driven in a large part by NRW. NRW will be required to deliver a programme of work on the restoration of peatlands and some of our Natura 2000 sites. Alongside this, NRW will take the lead in ensuring action against plant health pests or disease and Invasive Non-Native Species (INNS) outbreaks. Firm capital allocations to NRW to support this work has yet to be confirmed.
124. NRW continues to play an invaluable role in managing and expanding the Welsh Government Woodland Estate. NRW has put forward plans to respond to the climate emergency, including the expansion of the woodland cover across Wales. This will result in the sequestration of carbon, as well as changing the types of trees we are planting in response to threats arising from climate change. NRW continue to work with my officials in the creation of the National Forest.

WGs implementation of WGs forthcoming Strategic Plan for the Food and Drinks Industry in Wales

125. The future Strategic Plan for the Food & Drink Industry will focus on a vision to create a strong and vibrant Welsh food and drink sector with a global reputation for excellence, having one of the most environmentally and socially responsible supply -chains in the World. Delivery of this vision will be via a three part mission that will set-out how we will work with business, benefit the people of Wales and promote Welsh food and drink nationally and internationally.
126. While, post EU Exit we have negotiated the Wales position, within a new UK Geographical Indication (GI) Scheme. The new GI:UK Scheme is proposed to continue with protected safeguards for UK products registered

under the existing EU GI schemes. In Wales this is important to continue these protections and linkages to our food heritage, our communities and our Welsh culture.

127. This is also linked to a Sustainable Brand Value (SBV) Campaign and grounded in the Well-being and Future Generation themes. This sustainable message differentiates the Welsh food and drink journey and it is proposed to launch in the UK, Germany, France, Ireland, Japan, and Dubai in 2021. The new EU Exit position will also be supported by the National Geographic World and Food Supplement - a first for any UK nation.

128. This year our Food Division led on the essential food box scheme for those who were shielding in Wales and also set-up a Covid-19 taskforce to report to the Minister. The Food and Drink Wales Industry Board (FDWIB) have developed a Covid-19 Recovery Taskforce Plan to work with WG and have been instrumental in setting up the manufacturing guidance across industry.

129. Due to the Covid-19 pandemic, I announced the postponement of the 'premier' food and drink industry event (Blas Cymru/Taste Wales) would take place w/c 25th October 2021 at the International Convention Centre (ICC) Wales. Thus depending on the effects of Covid-19 and the health situation in Wales it is planned that this event continues in a physical and virtual format to support the Welsh food and drink industry as they come out of both the double shocks of Covid and EU Exit challenges. The national and international stakeholders have both rallied behind this significant trade event. The event demonstrates our clear determination to continue to promote the very best that the Welsh food and drink industry has to offer internationally and further develop the global reputation of Wales as a Food Nation

Specific Areas of Interest for Committee

Air Quality including take up of the Air Quality Fund and the implementation of the Clean Air Plan

130. Air quality improvement is a priority for the Welsh Government, for the benefit of health, the economy, the natural environment and biodiversity. Our Clean Air Plan sets out a 10-year pathway to achieving cleaner air.

131. The budget allocation supports some significant strands of work, including numerous commitments in the Clean Air Plan: Health Air, Healthy Wales. This includes delivery of commitments under Prosperity for All: our national strategy. In particular, 'reducing emissions and delivering vital improvements in air quality' to support 'healthier communities and better environments'.

132. I have agreed an Air Quality Fund to support the full costs of addressing illegal levels of nitrogen dioxide in Caerphilly and Cardiff.
133. Caerphilly County Borough Council have been awarded £6.1m to support house demolition and landscaping work at A472 Hafodyrynys which will aid the dispersion of polluting vehicle emissions. Cardiff Council have been awarded £19.1m to deliver an ambitious package of measures, including taxi mitigation and bus retrofit schemes, to deliver substantial air quality improvements in the city centre, focused on Castle Street.
134. Our approach to road user charging schemes, such as Clean Air Zones, aims to accelerate modal shift and upgrades to cleaner vehicles. We have committed to publish a Clean Air Zone Framework for Wales in spring 2021. We will also develop our approach to Clean Air Zones to support their roll-out in towns and cities where they may provide a substantial means to reduce polluting emissions.
135. Through the Clean Air Act for Wales we will consolidate and improve existing legislation and regulatory frameworks to enable the delivery of appropriate actions to tackle air pollution. Depending on the specific pathway chosen in achieving our emission reduction ambitions by 2030 and lowering public exposure, it is estimated the cost of action, including through actions associated with this legislation, is approximately £10m per annum. The associated reductions in overall population exposure to air pollution is estimated to result in monetised health benefits of approximately £100m per annum.
136. We will enhance our monitoring and assessment capabilities to support targeted action on air pollution. We intend to implement a national air pollution monitoring and assessment service by December 2022. The service will support annual reporting on the state of air quality in Wales.
137. In January 2021, we will consult on proposals to prohibit the sale of wet wood and traditional/bituminous house coal. We aim to introduce the necessary legislation in 2021, with bans commencing during 2023. We also intend to regulate to ensure only the most efficient appliances are available for purchase and installation by 2022. The regulation will include installation of second-hand appliances. In addition we want to regulate to require annual maintenance of domestic burning appliances by a certified professional, subject to review. This review will be undertaken by 2023.

Implementation of the Welsh Government's new fuel poverty strategy

138. By tackling fuel poverty, we make a real contribution to tackling a range of negative impacts that go beyond health needs including educational attainment of children and time off school and work due to sickness, as well as playing a key role in reducing carbon emissions.

139. The Warm Homes Arbed scheme alone resulted in 1,945 homes being improved across 19 separate projects in 10 Local Authority areas in 2019-20. In addition, the Warm Homes Nest scheme provided 4,544 households with a home energy improvement package, and a modelled average energy bill saving of £282 per year.
140. Our renewable energy and public sector energy efficiency programmes, supported by the Welsh Government Energy Service, are also identifying a pathway for decarbonising the energy system at a local level for local benefit. In 2019-20 the Welsh Government Energy Service supported the delivery of projects which will provide lifetime energy bill savings and income to the public sector of nearly £57m and lifetime income for community energy groups of nearly £15m. Combined the projects supported will save 146,000 tonnes of CO2 over their lifetime.
141. In 2021-22 we are allocating an additional £15m of capital funding and £5m of revenue on top of existing budgets to ensure that we maximise the benefits of both our fuel poverty, and renewable energy programmes, taking our total investment in these programmes in 2021-22 to £48m.

Implementation of the recommendations of the “Better Homes, Better Wales, Better World” report

142. Better Homes, Better Wales, Better World. An independent report published in July, called on the Welsh Government to commit to a 30-year programme to reduce carbon emissions in Welsh homes. I continue to review our Fuel Poverty Strategy in line with the recommendations in the report.
143. Accepting the recommendation in principle, the Minister for Housing and Local Government is working on a plan for the decarbonisation of housing based on these recommendations.

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

144. I previously stated the current system of TB compensation would be kept under review. This review will consider the fairest way to pay compensation in light of ongoing budget pressures and loss of EU funding. We are in discussions with UK Government to ensure equivalent funding will exist post EU Exit, although this is not guaranteed. The statutory requirement to pay TB compensation has created an unfunded pressure on budgets since 2015-16.
145. Any change to the TB compensation arrangements will be designed to encourage best practice, disincentives noncompliance and provide a fair and proportionate compensation system. Before any change to the TB

compensation system is implemented, a public consultation will be carried out and all suggestions and comments considered.

146. The Delivery Plan, launched in 2017, sits beneath the TB Eradication Programme and sets out the detailed enhancements to be rolled out in the short to medium term. The Delivery Plan is a living document that will be updated as and when necessary.
147. The results of agile policy development are evident in the published TB statistics, the number of animals slaughtered has been on a downward trend since October 2018 and in the 12 months to August 2020, 10,462 cattle were slaughtered for bovine TB control, compared with 12,799 in the previous 12 months, representing an 18% decrease. The long term benefit of investing in policy development is therefore a reduction in compensation expenditure.

Implementation of the Woodlands for Wales Strategy

148. Our Woodland for Wales Strategy sets out our aims to increase the forest cover in Wales to help tackle climate change, and to maximise the social, environmental and economic benefits from woodlands in Wales. Over the past year, work has begun to create a National Forest for Wales, which will be a key element of delivering the strategy.
149. The National Forest will be made up of areas of high quality woodland across the country, connected over time to form a network throughout Wales. The first National Forest sites were designated in November 2020, and demonstrator projects are running to create new areas of woodland, develop community woodlands, build capacity in the forestry sector and plant Wales' first Tiny Forests. This is on top of £20m Rural Development Programme funding allocated to accelerate woodland creation and restoration.
150. Meeting the ambition for a National Forest will be a long-term programme. The funding allocated in the draft budget will enable continued progress in establishing the National Forest. It will fund new demonstrator projects to plant new areas of woodland and improve existing woodlands to National Forest standard. It will also support the continued development of a long-term delivery plan for the National Forest.

Environmental Growth Plan

151. The First Minister's manifesto commits to development of an Environmental Growth Plan to articulate our vision for, and join up, our collective actions to halt and reverse the decline in nature and to grow the environment for the benefit of future generations.

152. Implementation of the environmental growth plan is largely through our new programme 'Local Places for Nature'. In 2020-21, it has already supported over 600 projects across communities in Wales to restore and enhance nature. It also makes progress against the First Minister's nine 'modest measures that make an impact locally such as increasing community growing, pollinators, changing mowing and pesticide practices that are harmful to nature .
153. The programme is specifically targeted at ensuring all our communities can access nature 'on their doorstep', in areas of deprivation, urban and peri-urban areas and areas with little or no access to nature. We are building on success and intend to expand the programme from £5m in 2020- 2021 to £8m in 2021-22.
154. In 2021-22 we intend to provide £2.6m capital to our Local Nature Partnership Network (LNP's). They have been very effective this year, particularly in changing mowing practices to create places for pollinators. We want to expand the reach and delivery of our LNPs, so there will also be a new £3m 'challenge fund' to support larger projects in 2021-22.
155. To facilitate projects and to build the capacity of the sector, we have awarded £520k revenue in 2021-22 to the LNP network. This much needed investment will strengthen the essential work of Local Nature Partnership Coordinators across Wales. This and other measures in 2021-22 will enable us to further grow capacity in the sector and support delivery in future years.
156. We will once again provide £1.8m to Keep Wales Tidy (KWT) to deliver their innovative model of pre-paid packages. The programme has been a huge success this year. KWT provide all the resources, the communities provide the land and the volunteers. These pre-paid packages enable small community groups to create their own places for nature, without having to apply for grants.

Nitrate Vulnerable Zone management (NVZ)

157. A contract for the provision of agricultural and environmental advice, with an annual budget of £0.25m, was awarded for 3 years from 1 October 2018. This contract includes the provision of a helpline for farmers within existing Nitrate Vulnerable Zones (NVZs) for advice and guidance on the regulatory requirements. The contract is used to review and assess the effectiveness of measures to address agricultural pollution in those areas. The contract is also used to inform policy development in relation to wider agricultural pollution issues across Wales.

Flood and Coastal Erosion Risk Management, including the take up of the Coastal Risk Management Programme.

158. Flood and coastal risk management is focused on reducing risk to life. It does so by preventing incidents of flooding and erosion which would otherwise cause damage to homes and businesses. We have improved the way we prioritise alleviation schemes to help target funding towards projects in the highest risk areas which demonstrate the most effective preventative spend.
159. Our National Strategy sets out its aim as reducing the risk to people and communities from flooding and coastal erosion. It delivers this through its objectives and the flood and coastal erosion programmes which helps protect homes and businesses and prevent loss of life. We work hand in hand with local authorities and Natural Resources Wales to provide support for community schemes which will reduce risk to over 47,000 homes and businesses.
160. Over the lifetime of this Government we will invest over £390 million in flood and coastal risk management activities around Wales. In 2021-22 the investment will be nearly £67m. As well as capital schemes, we continue to invest through our revenue programme in work including forecasting, mapping, modelling, coastal monitoring and outreach activities.
161. Reports and reviews into recent flood events have shown that the Welsh Government's sustained investment in flood risk management, defence assets, awareness raising and warning systems have had a positive impact, lessening the impact of storms and flooding to communities. It is estimated that our network of coastal assets prevented over £3 billion of damages in the 2014 winter storms. However, we cannot become complacent and need to accept that similar or worse coastal storms will happen again and investment needs to be maintained.
162. Climate change is likely to increase the risk of flooding, not only through sea level rise but also from more frequent and intense storms, flash flooding, storm surges and increased wave size. We therefore need to continue to learn and adapt to reduce harm to our communities. Our Strategy and wider flood and coastal programme will help to manage some of the effects of climate change through activities in those areas prone to flooding or coastal erosion.
163. In line with our longer term commitment, we are providing a further £3.4m of revenue on top of the £4m maintained from 2020-21, for the Coastal Risk Management Programme. This will fund up to 16 coastal defence schemes across Wales, which could reduce current and future flood and coastal erosion risk to over 16,600 properties if all of these schemes can be progressed next year. Work has already started on two schemes through this Programme at Aberavon (Neath Port Talbot) and East Rhyl (Denbighshire) with one more due to commence in early 2021. The remaining 13 schemes are due to commence in 2021-22.

The licensing regime for Animal Exhibits

164. The **Wild Animals and Circuses (Wales) Act 2020** came into force on 1 December 2020. Travelling circuses are no longer allowed to use wild animals in Wales.
165. Some of the responses to the 2019 consultation provided evidence to suggest additional animal activities should be added to the scope of the licensing criteria, and our intention was to hold a third, short consultation in March of this year. Because of the Coronavirus pandemic and the effect the restrictions were likely to have on many stakeholders, the difficult decision was taken to postpone the consultation.
166. The types of Animal Exhibits that will be subject to the licensing scheme will be dependent on the final criteria agreed following the public consultation and in light of evidence and any legal considerations. Given the wide-ranging nature of the activities that may be captured by the legislation, when reaching a decision as to whether an Animal Exhibit falls within the scope of the Regulations, Local Authorities will be required to consider each case individually and alongside the guidance that will accompany the Regulations.
167. A great deal of work has gone into bringing in new Regulations for the licensing of Animal Exhibits. There will be limited financial obligation for Welsh Government to implement this licensing scheme – we anticipate we will be able to manage this within our current resource establishment.

Banning third party sales of puppies and kittens.

168. Further to the consultation undertaken in 2019 a final public consultation, took place 22 June – 17 August 2020, which looked at a ban on commercial third party sales of puppies and kittens. A separate consultation undertaken specifically to capture the views of children and young people ran between 8 July and 22 August. Respondents to both consultations overwhelmingly supported the proposed ban
169. The proposal to ban third party sales is considered only one of the steps necessary to improve the welfare of dogs and cats at breeding premises in Wales. Earlier this year members of the Wales Animal Health and Welfare Framework Group submitted a report following a review of the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014. Recommendations from the report, along with information from a number of other sources, are being used as a basis to consider future direction and future actions.
170. On 22 June 2020, I issued a Written Statement reinforcing the fact that work needs to be done to tackle the barriers to enforcement Local Authorities are facing before proposing amendments to the current

Breeding Regulations. A formal response to the review was published on 18 November.

171. We will continue to work with key stakeholders, including Local Authorities and the other Administrations to ensure we introduce changes, which will have a lasting impact on the welfare standards of dogs and cats bred in Wales.

Initiatives to reduce plastic pollution, including a deposit return scheme, and the development of an extended producer responsibility (EPR) scheme.

172. The use of Extended Producer Responsibility (EPR) for packaging is an important tool in delivering the “polluter pays” principle, meeting recovery and recycling targets and in providing income to help with the management of wastes.

173. Work on the proposed bans of commonly littered single use plastic items will continue through our baseline budgets. The work to take forward Deposit Return Scheme (DRS) for drink containers and Extended Producer Responsibility (EPR) for packaging waste is being undertaken on a joint basis. Whole UK for EPR and England, Wales and Northern Ireland for DRS. We are awaiting confirmation from UK Government of the funding that will be made available to Welsh Government to take these two programmes forward.

Lesley Griffiths
Cabinet Secretary for Energy, Environment and Rural Affairs

ENVIRONMENT, ENERGY AND RURAL AFFAIRS

RESOURCE BUDGET

Action	BEL No.	BEL Description	Plans as per 2020-21 Final Budget Restated Nov 2020	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	COVID-19 Allocations	Other Allocations from / Transfer to Reserves	New Plans 2021-22 Draft Budget	COMMENTS
Develop and deliver overarching policy and programmes on sustainable development and natural resource management	2812	Environment Legislation & Governance	181	0	181					181	
Total Develop and deliver overarching policy and programmes on sustainable development and natural resource management			181	0	181	0	0	0	0	181	
Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection	1270	Fuel Poverty Programme	3,312	0	3,312				1,058	4,370	Part of £5m towards Clean Energy and Warm Homes
	2809	Welsh Government Energy Service	1,636	0	1,636				2,334	3,970	Part of £5m towards Clean Energy and Warm Homes
	2816	Strategy and Government Relations	2,834	0	2,834					2,834	
	2817	Radioactivity & Pollution Prevention	3,415	0	3,415					3,415	
	3770	Clean Energy	3,835	0	3,835		-378			3,457	Part of £5m towards Clean Energy and Warm Homes
	3771	Climate Change Action	0	0	0		378		1,608	1,986	Part of £5m towards Clean Energy and Warm Homes
Total Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection			15,032	0	15,032	0	0	0	5,000	20,032	
Develop and implement flood and coastal risk, water and sewage policy and legislation	2230	Flood Risk Management & Water Revenue	27,197	0	27,197	-1,145			3,363	29,415	£1.145m into RSG for East Rhyll Coastal Defence Scheme CRMP £3,363 CRMP Funding
Total Develop and implement flood and coastal risk, water and sewage policy and legislation			27,197	0	27,197	-1,145	0	0	3,363	29,415	
Deliver nature conservation and forestry policies and local environment improvement	2191	Local Environment Quality	449	0	449					449	
	2192	Community Involvement	60	0	60					60	
	2195	Landfill Disposals Tax Communities Scheme	1,500	0	1,500					1,500	
	2832	Enabling Natural Resources	4,274	0	4,274					4,274	

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	2825	Biodiversity, Evidence and Plant Health	3,075	0	3,075					3,550	6,625	Additional Revenue support for Biodiversity
	2827	Forestry	1,304	0	1,304						1,304	
Total Deliver nature conservation and forestry policies and local environment improvement			10,662	0	10,662	0	0	0	3,550		14,212	
Sponsor and manage delivery bodies	2451	Natural Resources Wales	69,033	684	69,717						69,717	-70K non recurrent EU Transition 1,201K I2S budget reinstatement -447k I2S repayment
Total Sponsor and manage delivery bodies			69,033	684	69,717	0	0	0	0		69,717	
Developing an appropriate evidence base to support the work of the Department	2814	Environment Management (Pwllperian)	38	0	38						38	
Total Developing an appropriate evidence base to support the work of the Department			38	0	38	0	0	0	0		38	
Pack Page 31	2829	Agriculture Strategy	400	0	400						400	
	2831	Local Authority Framework Funding	200	0	200						200	
	2860	Agriculture Customer Engagement	400	0	400						400	
	2861	County Parish Holdings Project	500	0	500						500	
	2862	EID Cymru	2,641	0	2,641						2,641	
	2863	Livestock Identification	1,647	0	1,647						1,647	
	2864	Technical Advice Services	358	0	358						358	Includes £250k for NVZ's.
	2866	Commons Act	433	0	433						433	
	2838	Environment Act Implementation	731	0	731						731	
Total Develop and deliver overarching policy and programmes on Agriculture, Food and Marine			7,310	0	7,310	0	0	0	0		7,310	

CAP administration and making Payments in accordance with EU and WAG rules	2787	Agriculture EU Pillar 1 Direct Payments	0	231,145	231,145				6,855	238,000	BPS Pillar 1 now in baseline, adjusted for expected BPS forecast at £238m, part of £13.325m Farm Funding allocation
	2789	Common Agriculture Policy IT	5,748	0	5,748					5,748	
	2790	Single Payment Scheme Administration	12,048	0	12,048					12,048	
Total CAP administration and making Payments in accordance with EU and WAG rules			17,796	231,145	248,941	0	0	0	6,855	255,796	
Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20	2949	Rural Development Plan 2014-20	26,502	0	26,502				4,280	30,782	Balance of £13.325m. This is new programme replacement funding, not 14-20 EU funding.
Total Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20			26,502	0	26,502	0	0	0	4,280	30,782	
Evidence based development for Rural Affairs	2240	Research & Evaluation	520	0	520					520	
Total Evidence based development for Rural Affairs			520	0	520	0	0	0	0	520	
Pack 32 Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries	2830	EU Funded Fisheries Schemes	565	0	565				2,100	2,665	£2.1m for Post EU replacement Fisheries, part of £13.325m
	2870	Marine & Fisheries	4,935	0	4,935					4,935	
Total Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries			5,500	0	5,500	0	0	0	2,100	7,600	
Developing and Marketing Welsh Food and Drink	2970	Promoting Welsh Food and Industry Development	5,300	-100	5,200					5,200	-100K non recurrent EU Transition from 2020-21
Total Developing and Marketing Welsh Food and Drink			5,300	-100	5,200	0	0	0	0	5,200	
Support and Delivery of the Animal Health and Welfare programme / strategy	2270	Animal Health & Welfare Framework	108	0	108					108	
Total Support and Delivery of the Animal Health and Welfare programme / strategy			108	0	108	0	0	0	0	108	
Management and delivery of TB Eradication and other Endemic Diseases	2269	TB EU Income	-1,300	0	-1,300		1,300			0	No EU TB Income, Net off from TB Comp Budget
	2271	Animal and Plant Health Agency	15,281	0	15,281					15,281	
	2272	TB Slaughter Payments Costs & Receipts	10,110	0	10,110		-1,300			8,810	No EU TB Income, Net off from TB Comp Budget
	2273	TB Eradication	7,500	0	7,500					7,500	

Total Management and delivery of TB Eradication and other Endemic Diseases			31,591	0	31,591	0	0	0	0	31,591	
Increase Resource Efficiency and Support Transition to a Circular Economy	2190	Resource Efficiency and Circular Economy	38,692	0	38,692				6,624	45,316	£6,624 additional Funding to RECE
Total Increase Resource Efficiency and Support Transition to a Circular Economy			38,692	0	38,692	0	0	0	6,624	45,316	
Promote and support protected landscapes, wider access to green space	2490	Landscape & Outdoor Recreation	9,966	0	9,966				1,450	11,416	Additional Revenue support for Biodiversity (Part of £5m)
Total Promote and support protected landscapes, wider access to green space			9,966	0	9,966	0	0	0	1,450	11,416	
ENVIRONMENT, ENERGY AND RURAL AFFAIRS - TOTAL RESOURCE BUDGET			265,428	231,729	497,157	-1,145	0	0	33,222	529,234	

Exc Non Cash

475,482

507,559

CAPITAL BUDGET											
Action	BEL No.	BEL Description	Plans as per 2020-21 Final Budget Restated Nov 2020	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	COVID-19 Allocations	Other Allocations from / Transfer to Reserves	New Plans 2021-22 Draft Budget	COMMENTS
Pack Page 33 Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection	1270	Fuel Poverty Programme	23,000	0	23,000				4,000	27,000	Part of £15m for Fuel Poverty and Clean Energy
	2808	Green Infrastructure	1,402	0	1,402					1,402	
	2809	Welsh Government Energy Service	4,000	-2,000	2,000				11,000	13,000	Part of £15m for Fuel Poverty and Clean Energy
	2816	EU Exit and Strategy	0	0	0						
	2817	Radioactivity and Pollution Prevention	17,095	0	17,095					17,095	
Total Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection			45,497	-2,000	43,497	0	0	0	15,000	58,497	
Develop and implement flood and coastal risk, water and sewage policy and legislation	2230	Flood Risk Management & Water Revenue	37,500	0	37,500					37,500	
Total Develop and implement flood and coastal risk, water and sewage policy and legislation			37,500	0	37,500	0	0	0	0	37,500	
Deliver nature conservation and forestry policies and local environment improvement	2832	Enabling Natural Resources	6,573	0	6,573					6,573	
	2825	Biodiversity, Evidence and Plant Health	25,500	0	25,500		-4,500			21,000	Less £4.5m tfr to Forestry
					4						

	2827	Forestry	150	-150	0	4,500			4,500	-150K EU Transition non recurrent. £4.5m tfr from Bio to Forestry
Total Deliver nature conservation and forestry policies and local environment improvement			32,223	-150	32,073	0	0	0	32,073	
Sponsor and manage delivery bodies	2451	Natural Resources Wales	1,216	-250	966				966	-250K EU Transition non recurrent
Total Sponsor and manage delivery bodies			1,216	-250	966	0	0	0	966	
Develop and deliver overarching policy and programmes on Agriculture, Food and Marine	2862	EID Cymru	2,100	0	2,100				2,100	
	2866	Commons Act	1,200	0	1,200				1,200	
Total Develop and deliver overarching policy and programmes on Agriculture, Food and Marine			3,300	0	3,300	0	0	0	3,300	
CAP Administration and making payments according to EU and WG rules	2789	Common Agriculture Policy IT	1,505	0	1,505				1,505	
Total CAP Administration and making payments according to EU and WG rules			1,505	0	1,505	0	0	0	1,505	
Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20	2949	Rural Development Plan 2014-20	9,418	0	9,418				9,418	
Total Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20			9,418	0	9,418	0	0	0	9,418	
Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries	2830	EU Funded Fisheries Schemes	233	0	233				233	
Total Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries			233	0	233	0	0	0	233	
Developing and Marketing Welsh Food and Drink	2970	Promoting Welsh Food and Industry Development	100	-100	0				0	-100K EU Transition, non recurrent
Total Developing and Marketing Welsh Food and Drink			100	-100	0	0	0	0	0	
Increase Resource Efficiency and Support Transition to a Circular Economy	2190	Resource Efficiency and Circular Economy	17,500	0	17,500			20,000	37,500	Part of additional Capital allocations from reserves
Total Increase Resource Efficiency and Support Transition to a Circular Economy			17,500	0	17,500	0	0	20,000	37,500	
Promote and support protected landscapes, wider access to green space	2490	Landscape & Outdoor Recreation	8,900	0	8,900				8,900	
Total Promote and support protected landscapes, wider access to green space			8,900	0	8,900	0	0	0	8,900	
ENVIRONMENT & RURAL AFFAIRS - TOTAL CAPITAL BUDGET			157,392	-2,500	154,892	0	0	35,000	189,892	

RESOURCE BUDGET - Annually Managed Expenditure						
Action	BEL No.	BEL Description	Plans as per 2020-21 Final Budget Restated Nov 2020	Difference in Forecasts since 2020-21 Final Budget	2021-22 Forecasts as at Sept 2020	COMMENTS

Sponsor and manage delivery bodies	2452	NRW Provision for Pensions - AME	2,400	0	2,400	Forecast as per submission to OBR in Sept 2020
Total Sponsor and manage delivery bodies			2,400	0	2,400	
ENVIRONMENT, ENERGY AND RURAL AFFAIRS - TOTAL RESOURCE AME BUDGET			2,400	0	2,400	

ENVIRONMENT, ENERGY AND RURAL AFFAIRS - SUMMARY	Plans as per 2020-21 Final Budget Restated Nov 2020	Baseline Changes	DEL Changes	AME Changes	New Plans 2021-22 Draft Budget
Resource - Revenue	243,753	231,729	32,077	0	507,559
Resource Non - Cash	21,675	0	0	0	21,675
Capital	157,392	-2,500	35,000	0	189,892
Total Resource & Capital	422,820	229,229	67,077	0	719,126
Total AME	2,400	0	0	0	2,400
ENVIRONMENT, ENERGY AND RURAL AFFAIRS - TOTAL BUDGET	425,220	229,229	67,077	0	721,526

NON FISCAL DEL ALLOCATIONS

MEG	DEL			2020-21
	DESCRIPTION	BEL	BEL Description	£'000
EE&RA	NRW Capital Charges	2451	Natural Resources Wales	10,000
	CAP IT	2789	CAP IT	5,748
	Marine & Fisheries Depreciation	2870	Marine & Fisheries	450
	Forestry (Transfer of functions from DEFRA)	2827	Forestry	83
	EID Cymru	2862	EID Cymru	2
	RPW Online / CAP Reform	2790	SP Administration	5,354
	Pwllpeiran Depreciation	2814	Environment Management (Pwllpeiran)	38
	EE&RA Total			21,675

Agenda Item 4.1

Lesley Griffiths AS/MS
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

Mike Hedges MS
Chair
Climate Change, Environment, and Rural Affairs Committee

8 December 2020

Dear Mike

Thank you for your letter of 23 November regarding the Interim arrangements for environmental governance following the end of the Implementation Period.

Task Group's proposals for interim measures and Response to these proposals

You have requested a copy of the Environmental Governance Stakeholder Task Group report on Interim Measures submitted in October 2019. The Task Group produced a paper on the permanent arrangement. This has been published, along with my response at: <https://gov.wales/response-report-environmental-governance-stakeholder-task-group>, as I committed to doing when I appeared at CCERA.

The Task Group also considered options for potential interim measures specifically in response to the anticipated no deal EU exit at the end of October 2019. Officials produced a document with this input which recommended a phased approach for interim measures. This report informed Ministerial advice I received in October 2019. I agreed, as stated in my decision report at the time, to 'a phased approach to developing environmental governance arrangements for Wales and for an initial interim complaints mechanism to be enacted in the event of a no-deal EU exit from the EU on 31 October'. The Task Group itself did not produce a report.

The interim arrangements considered at this time were stood down due to the fact a no-deal EU exit did not occur and attention then focused on working towards clarifying and finalising the permanent post EU exit environmental governance arrangements for Wales.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Question 3 and 4 Detailed Explanation of the Interim Complaints system and additional interim measures to beyond complaints mechanism to address the governance gap

Interim measures will be phased in from 1 January 2021.

Initially there will be a website and mechanism to raise concerns around the functioning of environmental law. An interim assessor will be appointed to consider the concerns and conduct wider systemic reviews in relation to the functioning of environmental law. Where the assessor considers it appropriate to do so, further evidence and/or expert advice may be sought as part of a reporting process.

It is important to note these arrangements are only intended to be temporary. It is my intention the interim measures help lay the foundations for, and assist development of, our permanent response. My officials will be working with stakeholders to develop thinking with the aim to bring forward a White Paper on the permanent arrangements after the Senedd election next May.

Further steps may then be taken to strengthen the interim arrangements, alongside the development of a shadow body ahead of the legislation being laid and establishment of the new body in law.

Regards

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping initial 'L'.

Lesley Griffiths AS/MS

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

Elin Jones MS

Llywydd

17 December 2020

Dear Llywydd,

Environmental governance post EU transition

Thank you for your letter, dated 19 November 2020, seeking the Committee's views on the matters raised with you by representatives of Wales Environment Link ('WEL').

The Committee takes a keen interest in Wales's future environmental governance arrangements and has undertaken extensive work in this policy area. We published a preliminary report in June 2018, followed by a detailed report on the Welsh Government's consultation on policy proposals in October 2019. These reports explored, among other things, the need for interim arrangements to be put in place at the end of the Implementation Period, and to remain in place until such time as an environmental governance body for Wales is established.

In recent weeks, we have pressed the Welsh Government for information about the interim arrangements, including the role and responsibilities of the interim Environmental Protection Assessor. In giving evidence to us on 10 December 2020, the Minister was unable to provide an explanation of how the complaints system will operate in practice, including how complaints against the Welsh Government about potential breaches of environmental law would be dealt with. The Minister explained that the Trefnydd would be meeting with you shortly to discuss what role the Senedd may have in considering such complaints.



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While we would not wish to pre-empt the outcome of your discussions, we would like to draw your attention to the following matters.

Our recent evidence session with representatives of the environmental sector suggests they are keen for the Senedd to have a role in considering complaints against the Welsh Government. This stems, at least in part, from concerns that potential breaches of environmental law by the Welsh Government may otherwise go left unchecked until permanent governance arrangements are in place. We share the concerns of the environmental sector. However, detailed consideration should be given to how the Senedd might undertake this work. This is particularly difficult in the absence of any details of how the arrangements will work in practice.

In many cases, alleged breaches of environmental law by public bodies, are considered by the courts, via judicial review of a decision made by them. The courts have the appropriate expertise to balance the competing priorities of parties in each case, and to take decisions as to whether a particular decision should be quashed because it is wrong in law. However, pursuing matters through the court process in this way is expensive, requires the instruction of professional advisers and can take many months, if not years, to resolve disputes.

If the Senedd was to have a role in dealing with such complaints, it will be necessary to introduce new and detailed procedures. We anticipate that, given the specialist and technical nature of this work, there would be resource implications for the Commission in providing appropriate support.

I hope you find the above useful in your discussion with the Trefnydd and in formulating your response to WEL.

Regards



Mike Hedges MS

Chair of the Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Lesley Griffiths MS

Minister for Environment, Energy and Rural Affairs

17 December 2020

Dear Lesley,

You will be aware that the Supplementary Legislative Consent Memorandum for the Environment Bill (the Supplementary LCM) has been referred to the Climate Change, Environment and Rural Affairs Committee (the Committee) for consideration, with a reporting deadline of 4 February 2021.

In order to inform the Committee's consideration of the Supplementary LCM, it would be helpful if you could respond to the questions set out below.

Clause 107 and Schedule 16: Use of forest risk commodities in commercial activity

The Supplementary LCM outlines that, while the Welsh Government considers the provision to fall within the Senedd's legislative competence, the UK Government does not agree.

1. The Supplementary LCM states that the Welsh Government "support[s] the policy position provided by the provision". Can you set out your reasons for this?
2. To what extent are you satisfied that Welsh stakeholders were provided with sufficient opportunity to engage with the development of the policy?
3. To what extent are you satisfied that the provision adequately reflects Welsh interests
4. Given your view in relation to legislative competence, can you clarify whether you have pursued, or will be pursuing, an amendment(s):
 - to give Welsh Ministers the same powers as the Secretary of State as they relate to Wales and consequently Senedd involvement in scrutinising the exercise of the powers, or



- to ensure Welsh Ministers' involvement in the making of regulations by the Secretary of State as they relate to Wales under Schedule 16?

5. If you do not intend to pursue any of the above amendments, how will you ensure that future regulations made under Schedule 16 align with, and represent, Welsh policy and interests? What assurances will you be seeking from the UK Government in this regard?

Schedule 16 enables the Secretary of State to make regulations about enforcement, which may include conferring functions and powers on an 'enforcement authority'.

6. What discussions have you had with the UK Government about any future 'enforcement authority' and who this might be? What is the outcome of any such discussions?

Outstanding matters in relation to the Environment Bill

In your letter, dated 5 November 2020, you reported productive discussions with Defra on a proposed amendment to strengthen the duty in clause 26(4) (previously clause 24(4)) for the Office for Environmental Protection ('OEP') to consult devolved environmental governance bodies. We note, however, that an amendment to this effect was not considered during the House of Commons Committee Stage.

7. Can you clarify whether you have managed to secure a commitment from the UK Government to table an amendment to clause 26(4) at a later amending stage? If not, can you explain what assurances you have received from the UK Government that there will be cooperative working between the OEP and the Welsh environmental governance body?

I should be grateful if you would respond no later than 14 January 2021.

Yours sincerely



Mike Hedges MS

Chair of Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg
We welcome correspondence in Welsh or English.





The Scottish Parliament
Pàrlamaid na h-Alba

By email only

Mike Hedges MS
Chair
Climate Change, Environment and
Rural Affairs Committee
Senedd Cymru
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4 December 2020

Dear Mr Hedges,

Common Framework on a UK Emissions Trading Scheme

At its meeting on 1 December 2020, the Environment, Climate Change and Land Reform Committee agreed to write our sister Committees in legislatures across the UK to highlight recent issues raised with regards to the above Common Framework.

The Cabinet Secretary for Environment, Climate Change and Land Reform, Roseanna Cunningham MSP, wrote to the Committee on [10 November 2020](#) to provide an update on the Common Framework for a UK Emissions Trading Scheme (ETS) and highlight concerns in a number of areas. In particular, the Cabinet Secretary outlined the continued risk to the process of setting up a UK ETS in time to take effect from 1 January 2021 as a result of the UK Government simultaneously preparing for an alternative, reserved Carbon Emission Tax (CET). The letter highlights concerns that a reserved CET, instead of a UK ETS, would mean that Scottish Ministers would no longer be responsible for, and the Scottish Parliament would have no direct scrutiny of, a key decarbonisation mechanism covering 28% of Scotland's emissions.

With the UK ETS Common Framework currently progressing through all four legislatures, the Committee is concerned that there is a lack of clarity about the circumstances in which the UK Government would seek to introduce a Carbon Emissions Tax as an alternative to a standalone UK ETS. The Committee has previously raised concerns in relation to a possible CET, the lack of discussion on this and the impact of the approach – particularly in reducing access to the most cost-effective decarbonisation routes with carbon leakage protection (see [26 October 2018](#); [1 November 2018](#)). More recently, the Committee explored the issue of the CET with the Cabinet Secretary while formally considering [The Greenhouse Gas Emissions Trading Scheme Order 2020](#) on 1 September 2020, noting issues around flexibility, scrutiny, and uncertainty at the time. The Committee recognises that a final decision on a UK ETS or a CET may be dependent on the outcome of ongoing EU-UK negotiations, but it is nevertheless incumbent on the UK Government to make clear its intentions at

the earliest available opportunity. The Committee will be writing directly to the UK Government to express these concerns and seek clarity as a matter of urgency.

Devolved administrations across the UK have raised similar concerns and our sister committees have also written to the UK Government to highlight on-going issues about the role of the devolved administrations in decisions around the CET; see, for example, the House of Commons BEIS Committee ([23 October 2020](#)) and House of Lords Common Framework Scrutiny Committee ([7 October 2020](#); [27 October 2020](#)).

We are committed to working collaboratively with legislatures across the UK and recognise the importance of sharing our concerns about the impact and effect of a CET, as well as the extent to which the UK Government's consideration of a CET is putting the establishment/delivery of a UK ETS at risk. Please do not hesitate to get in touch if you have any questions on the above.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Gillian Martin'.

Gillian Martin MSP
Convener

Environment, Climate Change and Land Reform Committee

Gillian Martin MSP

Convener, Environment, Climate Change and Land Reform Committee

10 December 2020

Dear Ms Martin

Thank you for your letter, dated 4 December 2020, in relation to the UK Emissions Trading Scheme (UK ETS) Common Framework.

The Senedd's Climate Change, Environment and Rural Affairs Committee ('the Committee') began its scrutiny of the UK ETS Common Framework in early October 2020. Given the delay in the publication of the provisional Framework Outline Agreement, and the ongoing uncertainty over a reserved Carbon Emissions Tax ('CET'), our work on the UK ETS Common Framework has been put on hold.

Nevertheless, we are continuing to keep abreast with developments in this policy area. Like you and our counterparts in the other UK legislatures, we are concerned there remains a lack of clarity about whether, and in what circumstances, the UK Government would seek to introduce a CET. It is entirely unsatisfactory that, with less than four weeks until the UK will no longer participate in the EU ETS, the UK Government has yet to make clear its position. With just days until EU-UK negotiations come to an end, we are keen to understand how the outcome of the negotiations will influence the UK's Government's final decision on whether to introduce a CET.

Much like the Scottish Government, the Welsh Government has expressed strong opposition to the introduction of a CET. We are aware that the devolution settlement does not guarantee a formal role for Welsh Ministers in a CET, nor has the UK Government offered to reach a political agreement on cooperative working.

We understand, however, that the Exchequer Secretary to the Treasury has indicated she is prepared to listen to the Minister's views on a CET. The Minister told us she would be seeking a discussion on the rationale and relative merits of taxation versus a trading scheme, involving all four nations, in order to reach a decision which fairly takes account of their respective responsibilities over climate change. We will be following up this matter with the Minister presently.

I very much welcome the opportunity to exchange our Committees' views on emerging developments in relation to the future of carbon pricing in the UK, and indeed on any other matters of mutual interest.



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Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive style with a large initial 'M'.

Mike Hedges

Chair of Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Agenda Item 4.5

Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Mike Hedges AS/MS
Chair
Climate Change, Environment and Rural Affairs Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

18 December 2020

Dear Mike

Further to my letter of 13 November, I am now in a position to update you on a number of points in relation to the Hazardous Substances Draft Framework. The following information updates the responses I previously gave:

Scrutiny process and timelines

9. Can you confirm that the framework will comprise the provisional FOA, the Concordat and the updated MOU referred to in the draft FOA?

The MoU referred to in the provisional FOA relates to the COMAH Regulations which is not part of this framework. Since I previously replied, it has been agreed we will no longer pursue a concordat. The framework will therefore solely consist of the text set out in the provisional FOA, with the operative parts to note being sections 6, 8, 11, 12 and 13.

10. Can you clarify whether the Concordat and the updated MOU will be available for Senedd scrutiny?

A concordat is no longer proposed.

11. Can you clarify the timeline for Senedd scrutiny of the provisional FOA and associated documents?

As with the other frameworks, the Senedd will have time to consider this fully in 2021.

Monitoring and review arrangements for the framework

13. Can you clarify whether a report of the review meeting between the UK administrations will be made publicly available?

The review of the framework will involve stakeholders so it is anticipated a report of the review meeting will be made publically available.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

14. Can you explain in what circumstances would it not be appropriate to involve stakeholders in the review process for the framework?

We intend to involve stakeholders in the review but as with all engagement work the process should be proportionate to the issues being considered. If very few issues have been raised in relation to hazardous substances planning in the period before the review, this would suggest a less formal approach to review would be appropriate.

15. Can you confirm whether and how the Senedd will be able to contribute to the review process for the framework?

It is not anticipated that the Committee will be formally invited to participate in the review process. Members of the Senedd however would be able to engage in the same way as other stakeholders.

I hope the above responses provide you with additional information to assist in the scrutiny of the Draft Framework. Please be assured that when we have reached a decision collaboratively with the other administrations regarding the framework review process and the final format of the Framework, the Committee will be updated.

Yours sincerely



Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

Cc: Counsel General

Agenda Item 4.6

Housing, Communities and Local Government Committee

House of Commons, London SW1A 0AA

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Rt Hon Christopher Pincher MP
Minister of State for Housing
Ministry of Housing, Communities and Local Government
4th Floor, Fry Building
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SW1P 4DF

17 December 2020

Dear Chris,

Hazardous Substances (Planning) Common Framework

We are grateful for your letter (24 November) inviting us to scrutinise the provisionally confirmed Hazardous Substances (Planning) Common Framework. We are grateful, too, for your explanation of how MHCLG developed the framework in collaboration with the devolved administrations and of the role of the committee's scrutiny in the process of approving common frameworks.

We began our scrutiny of the framework with a call for evidence on Tuesday 1 December that ran until Monday 14 December. In that time, we also sought evidence directly from key stakeholders and liaised with our counterpart committees in the devolved legislatures and with the House of Lords Common Frameworks Scrutiny Committee.

We welcome the detail in the provisional framework, especially the nine principles for future working, which provide a clear basis for future collaboration between the UK government and the devolved administrations. We particularly welcome the expectation that administrations will consider appropriate evidence and expert advice on the levels and types of substances to be regulated under the framework.

In our call for evidence, we raised specific questions about regulatory consistency, the consequences of policy divergence across the nations of the UK, the process for consulting devolved administrations before ratifying changes to relevant international agreements and the process for dispute resolution. We are grateful for the comprehensive responses you have given to those questions in your submission to our inquiry, which we have published on our website.

You state in the cover sheet that the framework is non-contentious, and this was borne out in the evidence we received to our inquiry, including in liaison with our counterpart committees. We note evidence from the Health and Safety Executive that states that "regulatory consistency across the four nations is not always necessary, primarily because of local needs, however significant divergence may provide some difficulties for

HSE, both operationally and in terms of ensuring the UK meets its International commitments." The Committee believes, to avoid an adverse impact on the efficiency of HSE's role as a statutory consultee, that the framework should include provision whereby, in the event of any proposed legislative divergence, MHCLG and the devolved administrations engage with HSE, at an early stage to manage the impact of any proposed changes.

We also note the concern expressed by the House of Lords Common Frameworks Scrutiny Committee about the lack of planned external scrutiny during any review of the procedure for common frameworks. Like the Lords committee, we recommend that the government commit to seeking evidence from stakeholders, including non-industry stakeholders, during the review process and that the report from the review be published and laid before the UK parliament and devolved legislatures.

We have no further concerns and look forward to the publication of the final framework.

I am copying this letter to Chairs of the relevant devolved Committees and the House of Lords Common Frameworks Scrutiny Committee.

A handwritten signature in black ink, appearing to read 'Clive Betts', with a large, stylized initial 'C' at the start.

Clive Betts MP
Chair, Housing, Communities and Local Government Committee

Agenda Item 4.7

Lesley Griffiths AS/MS
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

Ein cyf/Our ref: MA/LG/4388/20



Llywodraeth Cymru
Welsh Government

Chairs of Legislation, Justice and Constitution and Climate Change,
Environment and Rural Affairs Committees

Ty Hywel
Cardiff Bay
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CF99 1SN

22 December 2020

Dear Mick and Mike

UK Agriculture Bill – Third Reading and “ping pong” amendments

On 28 September, I laid the Supplementary Legislative Consent Memorandum (Memorandum No.4) on the Agriculture Bill. The Senedd gave its consent to the Bill the following day. However, during Third Reading in the House of Lords the UK Government tabled a number of technical amendments which now form part of the Agriculture Act 2020.

The UK Government also tabled a new provision relating to reports on free trade agreements during the consideration of amendments in Parliament (“ping pong”), which now forms part of the Act. These provisions are summarised below:

Section 17 (Continuing EU programmes: power to provide financial assistance)

Section 17 permits an “appropriate national authority” to give financial assistance to a specific list of people/individuals. The amendment made in Third Reading extends the definition of “appropriate authority” to include the Scottish Ministers in the cases of agreement or operational programmes approved in relation to Scotland.

Section 18 (retained direct EU legislation)

Section 18 provides the listed legislation relating to support for rural development, fruit and vegetable producer organisations and apiculture has direct effect under the Withdrawal Agreement in relation to existing programmes and activities will become retained direct EU legislation so as to have effect for other purposes.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

This amendment includes a new category of EU legislation within the list. The new category of legislation relates to promotion measures, and the amendments have effect on a UK-wide basis.

Section 42 (Reports relating to free trade agreements)

This new provision requires the Secretary of State to lay before Parliament a report explaining whether, or to what extent, measures applicable to trade in certain agricultural products in certain free trade agreements are consistent with the maintenance of UK levels of statutory protection in relation to human, animal or plant life or health, animal welfare, and the environment. "UK levels of statutory protection" is defined to mean levels of protection which, at the time the report is made, are provided for by or under any legislation which has effect in, or in any part of, the United Kingdom.

A free trade agreement which includes measures applicable to trade in agricultural products may not be laid before Parliament under Part 2 of the Constitutional Reform and Governance Act 2010 unless the Secretary of State has first laid such a report. When the Secretary of State lays the report before Parliament the Secretary of State must also provide a copy of it to certain persons, including the Welsh Ministers and the other devolved administrations.

Section 56 (extent)

The amendment made to section 56 is consequential on the inclusion of the Scottish Ministers within section 17 (detailed above). This amendment provides section 17 extends to England, Wales, Northern Ireland and Scotland.

Schedule 5 (provision relating to Wales: Apiculture)

The amendment applies the negative resolution procedure to any regulations made under paragraph 5 of Schedule 5 (apiculture), unless section 50(5) applies. If section 50(5) applies, the regulations would be subject to the affirmative resolution procedure.

Schedule 6 (provision relating to Northern Ireland: Apiculture)

The amendment applies the negative resolution procedure to any regulations made under paragraph 6, unless section 50(5) applies. If section 50(5) applies, the regulations would be subject to the affirmative resolution procedure.

The Bill has now received Royal Assent but I wanted to bring these amendments to the attention of Members.

Regards



Lesley Griffiths AS/MS

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

Agenda Item 4.8

Lesley Griffiths AS/MS
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: LG/3999/20

Mick Antoniw MS
Chair of the Legislation, Justice and Constitution Committee
Senedd Cymru
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16 December 2020

Dear Mick

Thank you for your letter of 13 November relating to the UK Fisheries Bill and the section 109 Order under the Government of Wales Act 2006 (GOWA). I am pleased to advise the Bill received Royal Assent on 23 November.

The Fisheries Act 2020 and the EU Exit SIs contain concurrent powers. The UK Government is bringing forward a section 109 Order under GOWA to provide a carve out from the consent requirements in paragraphs 8 and 11 of Schedule 7B to GOWA. The Order was laid on 10 December.

This carve out seeks to ensure Minister of the Crown consent will not be required where the Senedd legislates to remove concurrent functions in specified enactments, including the Fisheries Act 2020 and Fisheries EU Exit SIs. However, the proposed carve out is subject to some very specific exceptions in relation to the regulation of fishing boats.

I referred to these exceptions in my letter of 30 October, and you have sought more detail on this. The exceptions protect existing Secretary of State functions to regulate British fishing boats, apart from Welsh fishing boats, in the Welsh zone. We acknowledge such functions are a unique feature of the devolution of fisheries within the UK and the rationale provided for this carve out is consistent with the existing devolution of executive and legislative fisheries powers already in place across the wider fisheries statute book.

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

You also note in your letter "If appropriate to do so, we would also welcome you making this correspondence with the Secretary of State publicly available". I have attached the letter from the Secretary of State for Wales dated 5 October.

I have copied this letter to Mike Hedges MS, Chair of the Climate Change, Environment and Rural Affairs Committee.

Regards

A handwritten signature in cursive script that reads "Lesley Griffiths". The signature is written in black ink and is positioned centrally on the page.

Lesley Griffiths AS/MS

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

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Lesley Griffiths MS
Minister for Environment, Energy and Rural Affairs
Cardiff Bay
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5th October 2020

Dear Lesley .

I am writing in respect of the application of the Government of Wales Act 2006 (Amendment) Order 2020 to the Fisheries Bill ahead of the LCM debate on the Bill in the Senedd tomorrow.

I can confirm, subject to UK government-wide clearance, that the Order will carve out concurrent functions established in the Fisheries Bill from the relevant requirements in Schedule 7B to the Government of Wales Act 2006 to allow the Senedd to remove them in future without needing the UK government's agreement. This is subject to explicit exclusions to be agreed between the UK government and the Welsh Government in light of complexities around the regulation of fishing vessels.

I am copying this letter to the Parliamentary Under Secretary of State for DEFRA and the Counsel General and Minister for European Transition.

Simon Hart

Rt Hon Simon Hart MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

Lesley Griffiths MS

Minister for Environment, Energy and Rural Affairs

25 November 2020

Dear Minister

Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019

Thank you for your letter of 3 November in relation to the Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019, in which you say that:

“Following the outcome of the consultation on the repair and maintenance of fixed equipment and end-of-tenancy compensation, it was not my intention to include the repair and replacement of field drainage and flood banks as new liabilities in the amending regulations.”

It is apparent that no objection was raised to the inclusion of these matters in the Regulations during the earlier Welsh Government consultation. You have not, in your response, explained the reasons for your decision. We would be grateful if you could provide the Committee with such an explanation.

In the absence of an explanation from you for the exclusion of these matters, the Committee believes you should bring forward subordinate legislation to amend Schedule 1 paragraph 1 (2) of the Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019.

I look forward to your response.

Yours sincerely



Mike Hedges MS

Chair of Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg
We welcome correspondence in Welsh or English.



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Lesley Griffiths AS/MS
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Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein Cyf/Our ref: LG/425/20

Mike Hedges AS/MS
Chair of Climate Change, Environment and Rural Affairs Committee
Senedd Cymru

SeneddCCERA@senedd.wales

11 December 2020

Dear Mike

Thank you for your letter of 25 November, regarding the Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019.

Respondents to the consultation on the repair and maintenance of fixed equipment and end-of-tenancy compensation showed widespread support for increased consistency with England to avoid confusion and misunderstanding in the agricultural tenancy sector. This is particularly important for cross border holdings as it reduces administrative complexity and the need for extra professional help.

On balance of the evidence provided, I decided to maintain regulatory alignment and not introduce new liabilities for the repair and replacement of field drainage and flood banks.

Regards

Lesley Griffiths AS/MS
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

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Agenda Item 4.10



Dr N. I. D. Fenwick, Head of Policy, Farmers' Union of Wales, Llys Amaeth, Plas
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Mike Hedges MS
Chair
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4th December 2020

Dear Chair

I understand following your comments during the evidence session on the 26th November 2020 that the Climate Change, Environment and Rural Affairs Committee is likely to hold an inquiry into the UK Government's Spending Review and its implications for agricultural and rural development funding.

We would fully support such an inquiry given the far-reaching consequences of what was announced as part of the Spending Review and would like to submit the below comments for consideration by the Committee.

I hope these outline why the FUW believe that the £242 million allocation for Welsh agriculture and rural development represents a cut to Welsh funding of at least 27% and up to 41% if Pillar transfer funds are included, and that the allocation is based on creative accounting and a disingenuous interpretation of the commitments made by numerous Secretaries of State and in the 2019 Conservative Manifesto.

Since we are currently in discussion with the Welsh Government regarding the specific implications of the cut, we are not in a position to speculate about what these may be.

However, I can confirm that we have made it clear to the Welsh Government that cuts to the 2021-22 Basic Payment budget should not be made given the far-reaching consequences of these at a time when Welsh farm businesses are expected to be under major pressures as a result of the UK's departure from the EU, irrespective of whether a trade deal is agreed in the coming weeks.

Yours sincerely

Nicholas Fenwick
Head of Policy

FARMERS' UNION OF WALES ANALYSIS AND OBSERVATIONS ON CUTS TO WELSH AGRICULTURAL AND RURAL DEVELOPMENT FUNDING FOR THE FINANCIAL YEAR 2021-2022 ANNOUNCED IN THE 25th NOVEMBER 2020 SPENDING REVIEW

4th December 2020

1. Leaders of the Brexit campaign promised that leaving the EU would not lead to reduced funding for farming and rural areas.
2. During the Second reading of the 2017-2019 Agriculture Bill, the then Secretary of State for Environment, Food and Rural Affairs, Michael Gove, stated that agricultural funding would not be Barnettised and that the settlement which allocates money to Wales on rural and agricultural criteria will be maintained.
3. The then Secretary of State for Wales, Alun Cairns, reinforced that commitment on the 11th October 2018.
4. The 2019 Conservative Manifesto stated *"...we will guarantee the current annual [Common Agricultural Policy (CAP)] budget to farmers in every year of the next Parliament."*
5. The EU CAP budget for Wales, for the period 2014-2020, confirmed on 8th November 2013 by the then Secretary of State for Environment Owen Paterson was *"...a pillar 1 (direct payment) allocation of around €2,245 million, and pillar 2 allocation of around €355 million."*¹
6. This is a total of €2.6 billion over the seven year (2014-2020) CAP budgetary period – an average of £331 million a year based on the £0.89/€ exchange rate fixed by the UK Government.
7. On 25th November 2020 the UK Government announced that Wales' 2021-2022 financial year allocation for agriculture and rural development would be £242 million - £89 million (27%) less than the average annual EU CAP allocation for the period 2014-2020.
8. The £242 million figure for the 2021-2022 financial year is £95 million (28%) less than the £337 million received in the 2019 funding 'baseline' defined by the UK Government to calculate Wales' allocation.
9. The UK Government maintains that the total budget available to Wales in 2021-2022 should be judged to be the sum of the £242 million announced on 25th November 2020 and the £95 million in unspent EU funding from the 2014-2020 funding period.
10. Under the EU's 'N+3' rule, the Welsh Government is entitled to spend money from the 2014-2020 Rural Development Programme budget in the three years after the end of the budgetary period to which the money 'belongs'.

¹ <https://www.gov.uk/government/news/uk-cap-allocations-announced>

11. The FUW maintains that since the £95 million is part of the 2014-2020 EU budget, it should not be used as part of the UK Government's 2021-2022 calculation.
12. The average annual EU CAP budget for Wales for the 2014-2020 period was £286 million (Pillar 1) plus £45 million (Pillar 2).
13. 15% of the £286 million Pillar 1 budget is transferred annually to Pillar 2 under the 'Pillar transfer' mechanism, reducing the annual amount paid to farmers through Direct (Pillar 1) Payments to £243, and increasing the average annual EU funding for Pillar 2 (Rural Development) to around £90 million.
14. On 30th December 2019, the UK Government announced £243 million would be made available for Welsh Direct payments in 2020.
15. The *total* CAP replacement funding of £242 million for the 2021-2022 financial year announced by the UK Government on 25th November 2020 is therefore £1 million *below* the 2020-2021 Direct Payment budget announced by the UK Government on 30th December 2019 – and takes no account of the EU annual Pillar 2 funding allocation.
16. While the UK Government announced £243 million in funding for the 2020 Basic (farm) Payment on 30th December 2019, they made no reference to the circa £42 million usually transferred annually to the Pillar 2 (Rural Development) budget.
17. Given that the 15% Pillar transfer is regarded as being available in the year after which it is applied, there is effectively an additional £42 million 'missing' from the £242 million 2021-2022 financial year allocation announced by the UK Government on 25th November 2020 – bringing the total reduction in Wales' 2021-2022 allocation to around £137 million (41%) less than had been anticipated, based on successive promises and the 2019 Conservative Manifesto.
18. The UK Government has pointed out in correspondence to the Welsh Government and FUW that the total EU CAP budget for the period 2021-2027 is €344 billion - €39 billion (10%) less than the €383 billion allocated for the 2014-2020 budgetary period, arguing that this would equate to a £34 million reduction in Wales' annual allocation if the UK was still a member of the EU.
19. One of the reasons that the EU CAP budget has been reduced is because the UK has left the EU and will therefore no longer contribute substantially to the EU budget - so the overall EU 2021-2027 budget is lower than would have been the case if the UK was a member of the EU.
20. However, the number of countries eligible to receive funds from the CAP has also been reduced, as the UK is no longer a member, and the UK previously received around 8% of the EU CAP budget – so the use of the new EU CAP budget in justifications for UK budgets is invalid.

21. Notwithstanding this, if Wales was still eligible to receive the same percentage of the *new* EU (€344 billion) budget as under the 2014-2020 CAP, Wales' share in 2021-2022 would on average be £298 million per year - £56 million (23%) more than was announced by the UK Government on 25th November 2020.
22. While the FUW has labelled Wales' replacement CAP fund allocation as a '*Brexit betrayal*', the Welsh Conservatives have claimed that the Welsh Government has pulled the wool "*...over the Farming Unions [sic] eyes*" and believe that unspent funds from the 2014-2020 CAP budget should be included in the funding calculation.
23. Given that the same funding formula has been applied in England, Scotland and Northern Ireland, the FUW is not alone in believing that the 2021-2022 funding allocations are hundreds of millions below what they should be, based on successive assurances by Secretaries of State and what was stated in the 2019 Conservative Manifesto commitment; those who share the FUW's belief include the Welsh Government, the Scottish Government, the Northern Ireland Executive, NFU Cymru and NFU Scotland.

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SUPPLEMENTARY LEGISLATIVE CONSENT MEMORANDUM (MEMORANDUM NO 2)

Environment Bill

1. This legislative consent memorandum is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a legislative consent memorandum must be laid, and a legislative consent motion may be tabled, before Senedd Cymru if a UK Parliamentary Bill makes provision in relation to Wales for any purpose within, or which modifies the legislative competence of the Senedd.
2. The Environment Bill (the “Bill”) was introduced in the House of Commons on 30 January 2020 and consideration at House of Commons committee stage completed on 26 November. The Bill, as amended at Commons Committee stage can be found at:

<https://publications.parliament.uk/pa/bills/cbill/58-01/0220/200220.pdf>

Policy Objectives

3. The UK Government’s stated policy objectives for this Bill are to provide a legal framework for environmental governance once the UK leaves the EU and to make provision for specific improvement of the environment, including measures on waste and resource efficiency, air quality and environmental recall, water, nature and biodiversity, and conservation covenants.

Summary of the Bill

4. The Bill is sponsored by the Department for Environment, Food and Rural Affairs (Defra).
5. The Bill makes provisions about targets, plans and policies for improving the natural environment; for statements and reports about environmental protection; for the Office for Environmental Protection; about waste and resource efficiency; about air quality; for the recall of products that fail to meet environmental standards; about water; about nature and biodiversity; for conservation covenants; about the regulation of chemicals; and for connected purposes.
6. The clauses with particular relevance to matters within the legislative competence of the Senedd are:
 - Part 1 – Environmental Governance - Clause 19 (Statements about Bills containing new environmental law) and Clause 43 (Meaning of environmental law) in so far as it relates to clause 19

- Part 3 – Waste and Resource Efficiency – clauses 47 and 48 (Producer Responsibility) and Schedules 4 and 5, clauses 49 – 52 (Resource efficiency), clause 55 (Electronic wastes tracking: Great Britain), clause 57 (Hazardous waste England and Wales), clause 60 (Regulations under the Environmental Protection Act 1990), clause 61 (Powers to make charging schemes), clause 63 (Enforcement powers), clause 65 (Littering enforcement), clause 66 (Fixed Penalty notices), clause 67 (Regulation of polluting activities)
- Part 4 – Air quality and Environmental recall – clause 69 (Local air quality management framework), clause 70 (Smoke control areas: amendments of the Clean Air Act 1993)
- Part 5 – Water – clauses 75 and 76 (plans and proposals), clause 77 (Authority’s power to require information), clause 79 (Electronic service of documents), clause 81 (Water quality: powers of Secretary of State), clause 82 (Water quality: powers of Welsh Ministers), clause 85 (Water quality: interpretation), clauses 87 – 89 (Land drainage),
- Part 8 – Miscellaneous and General Provisions – Clause 125 (Amendment of Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) legislation)

Update on position since the publication of the first Legislative Consent Memorandum

7. We laid a legislative consent memorandum on 26 February 2020, based on the Bill as introduced 30 January 2020.
8. On 26 November, the Bill concluded its Commons Committee stage having been through 21 sessions where none of the 261 [non-government] amendments tabled were conceded. 77 Government amendments were made to the Bill, the majority of which were technical in nature, such as amendments to update the name change of the legislature in Wales from ‘Welsh Assembly’ to ‘Senedd Cymru’ following the coming into force of the name change provisions of the Senedd and Elections (Wales) Act 2020. Other Government amendments did not relate to the legislative competence of the Senedd.
9. A Government amendment for a provision covering ‘Use of forestry risk commodities in commercial activity’ was tabled on 11 November 2020.
10. Minister Pow wrote to me on 17 August 2020 to inform me of consultation taking place on proposals to establish a due diligence requirements on companies trading in the UK, to reduce the risk of illegal deforestation and land conversion within their supply chains. The UK Government sought to consider how and when to introduce such a provision before COP26.
11. In my response of 8 September 2020 I indicated that we are supportive of such a policy and recognised the risks of failure to shift to more

sustainable production of key commodities. I confirmed that we consider this provision is within competence.

12. Defra assert the provision relates to the reservation in section C1, paragraph 65 of Schedule 7A to GOWA 2006 – the creation, operation, regulation and dissolution of types of business association. However, we maintain the provision relates primarily to the environment, the protection of forestry environments and tackling climate change, all of which are devolved.
13. In correspondence dated 4 December, I confirmed my intention to lay a supplementary legislative consent memorandum.

Changes to the Bill since the publication of the first Legislative Consent Memorandum for which consent is required.

14. Clause 107: 'Use of forest risk commodities in commercial activity' which requires large businesses to ensure the 'forest risk' commodities they use, those which can cause wide-scale deforestation, have been produced legally.
15. The provision makes it illegal for businesses within scope to use, either in production or trade within the UK, forest risk commodities which have not been produced in accordance with relevant laws in the country where they are grown.
16. The provision places an obligation on businesses within scope to conduct due diligence to ensure that forest risk commodities which have not been legally produced do not enter their supply chain, and they should report on the exercise publicly.
17. The provision further enables the UK Government to levy fines and other civil sanctions against businesses which continue to use forest risk commodities which have not been produced legally or which do not have a robust system of due diligence in place.

Welsh Government position on the Bill as amended.

18. We acknowledge the amendment made at Commons Committee stage.
19. We support the policy position provided by the provision but disagree with Defra's contention that this provision falls within reserved competence as set out in Schedule 7A GOWA.
20. It is our view that these provisions, as drafted, make provision in relation to Wales for a purpose within the legislative competence of the Senedd. The clauses would be *relevant provision* for the purposes of Standing Order 29.1.

Financial implications

21. There are currently no additional financial implications for the Welsh Government or the Senedd as a result of taking these powers in this bill.

Conclusion

22. In our view it is appropriate to use this Bill as a vehicle to take forward initiatives likely to be required to progress the circular economy strategy, particularly where these require a joined up approach with other UK administrations. Similarly, the effective management of water quality and the regulation of chemicals post EU Exit are appropriate matters to be taken forward in this Bill. The proposed legislative changes in air quality and land drainage allow for the clarification of the Welsh Ministers' responsibilities or are administrative in nature and the Bill provides a timely opportunity to take these forward.

23. We are of the view that the additional provision relating to 'Use of forest risk commodities in commercial activity' falls within the competence of the Senedd and thus is a relevant provision for the purposes Standing Order 29.1 requiring a legislative consent memorandum.

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs
December 2020

Agenda Item 8

By virtue of paragraph(s) vi of Standing Order 17.42

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By virtue of paragraph(s) vi of Standing Order 17.42

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