



Llywodraeth Cymru  
Welsh Government

Paul Davies MS  
Chair, Economy, Trade & Rural Affairs Committee

07 March 2022

Dear Paul,

Thank you for the Economy, Trade & Rural Affairs Committee's report on your Scrutiny of the Government's Draft Budget 2022 – 23. Please find attached a response to the recommendations in the first chapter relating to my portfolio responsibilities.

Yours sincerely,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end.

**Lesley Griffiths AS/MS**  
**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd**  
**Minister for Rural Affairs and North Wales, and Trefnydd**

## **Response to Economy, Trade & Rural Affairs Committee report - Scrutiny of the Welsh Government's Draft Budget 2022/23.**

### **Recommendation 1**

The Committee recommends that:

**Welsh Government must ensure Local Authorities are properly resourced to enforce the Animal Welfare Plan for Wales 2021-26.**

#### **Response: Accept**

Our five-year Animal Welfare Plan for Wales (AWPW) is cross cutting and embeds the four Programme for Government commitments in kept animal welfare. It also outlines how we will integrate a broad range of ongoing animal welfare policy work, including statutory guidance for existing Regulations, licensing of animal exhibits, microchipping of dogs and cats, welfare of animals in transport, and Codes of Practice. The need for review of existing animal welfare legislation is recognised, along with maintaining some flexibility should new policy actions be required. Finally, the plan addresses how, and where appropriate, we will work in collaboration with other UK administrations to achieve our objectives in the best interests of animal welfare in Wales, and beyond.

Working in partnership is key to the success of our plan which recognises the enforcement role of Local Authorities, particularly in the Programme for Government commitment to improve the qualifications for animal welfare inspectors to raise their professional status. The Welsh Government-funded Local Authority Enforcement Project currently plays a key role in the delivery of this commitment. Now in its second year, the project is delivering enhancements to the training of Local Authority enforcement officers and an improved use of existing resources within Local Authorities across Wales. Initially focused in the area of Dog Breeding, the project has been expanded to include the enforcement of our recently introduced licensing regime relating to Pet Sales through the Animal Welfare (Licencing of Activities Involving Animals) (Wales) 2021 Regulations. This expansion has been supported by additional resource from Welsh Government over two years to enable the recruitment of further expertise via dedicated animal licensing officers to provide the necessary specialist training and will be met from existing budgets.

**Financial Implications – None.**

### **Recommendation 2**

The Committee recommends that:

**The Minister for Rural Affairs, North Wales and Trefnydd and the Minister for Climate Change work together to ensure that the Natural Resources Wales core 'grant in aid' funding should be increased to reflect the increased workload created by enforcing the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 as they stand.**

### **Response: Accept in principle**

Following the recent completion of its baseline review, NRW is working with Welsh Government officials to co-design service level agreements (SLAs) for each policy/delivery area that define the expected level of service, the metrics by which that service will be performance measured and the associated funding that is required to deliver the agreed service. The development of the SLA's are to be completed by October 2022, and are anticipated to include the administration of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021. Where this is the case, the development of the SLAs will explore the relationship between the delivery of pre-existing statutory functions that have been carried forward within the Regulations, including those functions which will not be replaced until the end of the relevant transitional periods, and any new responsibilities.

The Minister for Rural Affairs, North Wales, and Trefnydd and the Minister for Climate Change will work together to ensure that the Natural Resources Wales' funding reflects the SLAs as appropriate.

### **Recommendation 3**

The Committee recommends that:

**The Welsh Government should set aside clear funding for engagement with famers around the transition to a new model of farming support.**

### **Response: Accept**

Funding for the second phase of co-design has been allocated. This work will begin in July 2022 gathering farmer views and feedback on the proposed Sustainable Farming Scheme. A consultation on our final proposals will then follow in 2023. A farmer outreach programme is also being scoped for 2024 prior to the launch of the Sustainable Farming Scheme in 2025.

### **Recommendation 4**

The Committee recommends that:

**The Welsh Government must consider the additional administration created by the proposed large number of unique contracts under the Sustainable Farming Scheme and allocate funding accordingly.**

### **Response: Accept**

A cost benefit analysis, which will consider the administrative costs of delivering the proposed Sustainable Farming Scheme, will be published alongside the Agriculture Bill. We are also seeking feedback from farmers on the structure of the Scheme in the second phase of co-design.

### **Recommendation 5**

The Committee recommends that:

**The Minister should continue to press the UK Government to reconsider the methodology for determining replacement EU funding for agricultural support and address the shortfall in funding for 2021-22. She should report back to the Committee on the outcome as soon as practicable.**

#### **Response: Accept**

The UK Government has repeatedly refused to engage on the concerns the Welsh Government (and the other devolved governments) have highlighted with the methodology adopted.

The Minister for Finance and Local Government wrote to the Chief Secretary to the Treasury, in conjunction with Finance Ministers from the Scottish and Northern Irish administrations, in October 2021. She set out our shared concerns about the methodology for replacement funding, and has asked for this to be reconsidered. There was no response from the UK Government.

The Finance Minister further raised this directly with the Chief Secretary at the Finance Ministers' Quadrilateral on 12 January, noting the UK Government's intention to also extend this methodology to replacement Structural Funds. This will result in the loss of close to £1bn in funding for Wales.

I will continue to keep the Committee informed of efforts to press the UK Government to reconsider the methodology for determining replacement EU funding for agricultural support and address the shortfall in funding for 2021-22. I am grateful for the cross party support from the Committee and your continued representations on this issue would be welcomed.

**Financial Implications – None.** It is considered highly unlikely UK Government will reconsider its methodology or do anything to address the £242m shortfall in funding provided for rural support in financial years 2021/22, 2022/23 or 2023/24. This position was taken into account in the Welsh Government's draft Budget published in December 2021.

### **Recommendation 6**

The Committee recommends that:

**The Welsh Government should write to the Committee with clarity over budget allocations for its fisheries functions.**

**Response: Accept**

The overall Resource Budget for the *'Fisheries and aquaculture including the enforcement of Welsh Fisheries'* Action, provided in the Draft Budget BEL table and evidence paper was £5.813m. This is set out in the table below.

At the time of the publication of the Draft Budget, Fisheries Schemes BEL 2830 included £2.1m allocated for the EU replacement funding, which will be transferred to the Fisheries BEL 2870 at the earliest opportunity to better align this area of work for fisheries policy. The Fisheries Schemes BEL 2830 is the domestic contribution only for the current EMFF programme and is £565K.

The Fiscal Resource budget for Fisheries (BEL 2870) in 2022-23 is just over £4.5m (£4.674m), and £574K of Non-Fiscal Resource (Depreciation) allocated for the Vessel Fleet (Total £5.248m)

The table below summarises the expected transfers to the budget position for the Fisheries and Fisheries Schemes (previously EU Funded Fisheries Schemes) BEL's at the next available opportunity.

BEL Description	BEL Number	Control	2022-23 Draft Budget	Budget Adjustments to be Actioned	2022-23 Final Budget
Fisheries Schemes	2830	Fiscal Resource	2,665	-2,100	565
Fisheries	2870	Fiscal Resource	2,574	2,100	4,674
Fisheries	2870	Non-Fiscal Resource	574	0	574
<b>TOTAL</b>			<b>5,813</b>	<b>0</b>	<b>5,813</b>

The Fisheries budget will fund a number of statutory and policy issues in the following areas:

- Control and Enforcement including Fisheries Digital Systems
- Domestic Fisheries Policy
- Fisheries Evidence Requirements
- Fisheries Trade.

The Committee should note that Marine budgets are now the responsibility of the Minister for Climate Change and allocations have been included within the Climate Change MEG.