

Welsh Government



Economy, Trade and Rural Affairs Committee

Welsh Government Draft
Budget Scrutiny 2025-26

08/01/2025

Background

The Draft Budget includes spending plans for 2025-26. This paper provides evidence to the Committee on the future programme budget proposals in relation to the budgets within the Rural Affairs & OCVO portfolio within the Climate Change & Rural Affairs Main Expenditure Group (MEG) as outlined in the Draft Budget which was published on 10 December 2024.

Annex A provides a breakdown of the relevant Draft Budget figures by Action and Budget Expenditure Line (BEL).

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Rural Affairs Budget Allocations

Summary of Budget Changes 2025-26

1. The tables below provide an overview of the plans summarised at a high level by business area for the Rural Affairs portfolio published in the Draft Budget 2025-26.

Resource

2. In 2025-26 the Resource budget increases by £7.810 m against the 2025-26 revised baseline. To note, the revised baseline includes allocations in 24-25 for SCAPE and public sector pay gap. The total resource budget is summarised in Table 1 below:

Overview of the Rural Affairs Resource Budget			£'000		
Action	BEL No.	BEL Description	2025-26 Revised Baseline	Change £'000	2025-26 Draft Budget December 2024
Strategic Evidence, Borders and Intergovernmental Relations	2816	Strategic Evidence, Monitoring, Borders & Intergovernmental Relations	2,639	-	2,639
Develop and Deliver Overarching Policy and Programmes on Agriculture	2829	Agriculture Strategy	500	-	500
	2831	Local Authority Framework Funding	100	- 100	-
	2860	Agriculture Policy & Evidence, Delivery & Engagement	350	5,890	6,240
	2861	County Parish Holdings Project	500	- 500	-
	2861	County Parish Holdings Project - Non cash	594	- 594	-
	2862	EID Cymru	2,659	- 2,659	-
	2863	Livestock Identification	1,647	- 1,647	-
	2864	Technical Advice Services	358	- 358	-
	2866	Commons Act	433	- 433	-
	2240	Research & Evaluation	520	- 520	-
Basic Payments & Administration	2787	Basic Payment Scheme	238,000	-	238,000

	2790	RPW Administration	3,694	100	3,794
	2790	RPW Administration - Non cash	9,649	594	10,243
Rural Investments	2833	Rural Investment Schemes	44,720	5,500	50,220
Welsh Government Rural Communities: Delivering the Programmes Within the Rural Development Plan 2014-20	2949	Rural Development Plan 2014-20	1,500	-	1,500
Fisheries and Aquaculture Including the Enforcement of Welsh Fisheries	2870	Fisheries	3,605	-	3,605
	2870	Fisheries - Non cash	574	-	574
Developing and Marketing Welsh Food and Drink	2970	Promoting Welsh Food and Industry Development	4,790	570	5,360
Support and Delivery of the Animal Health and Welfare Programme / Strategy	2270	Animal Health & Welfare Framework	1,108	802	1,910
Management and Delivery of TB Eradication and Other Endemic Diseases	2271	Animal and Plant Health Agency	18,281	2,019	20,300
	2272	TB Slaughter Payments Costs & Receipts	13,810	502	14,312
	2273	TB Eradication	8,310	1,000	9,310
Border Controls	3730	Border Controls	6,456	- 2,356	4,100
TOTAL Resource			364,797	7,810	372,607

Capital

3. The capital budget allocation of £108m an increase of £48.157m for 2025-26.

The total capital budget is summarised in Table 2 below

Overview of the Rural Affairs Capital Budget			£'000		
Action	BEL No.	BEL Description	2025-26 Revised Baseline	Change £'000	2025-26 Draft Budget December 2024
Develop and Deliver Overarching Policy and Programmes on Agriculture, Food and Marine	2860	Agriculture Policy & Evidence, Delivery & Engagement	1,000	2,050	3,050
Basic Payments & Administration	2789	Rural Payments ICT	6,000	2,200	8,200
Rural Investments	2833	Rural Investment Schemes	53,000	13,952	66,952
Fisheries and Aquaculture Including the Enforcement of Welsh Fisheries	2870	Fisheries	-	1,000	1,000
Border Controls	3730	Border Controls	-	28,955	28,955
TOTAL Capital			60,000	48,157	108,157

Prioritisation of Budget

4. My aim is to ensure our natural resources are managed sustainably for future generations. To achieve this, the budget allows me to drive forward action on the following priorities:
 - Tackling the climate emergency to build a fairer, safer future and secure green jobs.
 - Taking action to protect and restore nature in Wales and to connect people to the natural world.
 - Creating a sustainable future for Welsh food, fisheries and farming.
 - Improving animal health and welfare, thereby also protecting the health and wellbeing of people and the environment and underpinning our trade.
 - Improving the health and wellbeing of our communities by cutting waste and pollution, and using regulation to drive innovation, create markets and keep people safe.
5. I have prioritised supporting the agriculture sector's transition to the Sustainable Farming Scheme (SFS), due to be introduced in 2026 by maintaining the Basic Payment Scheme (BPS) ceiling at £238m.. I am committed to continuing this financial support for farmers as they are the heart of communities right across Wales, recognising the agriculture sector is undergoing significant changes, and so Welsh Ministers continue to safeguard the BPS budget to provide continuity of support as transition to life beyond BPS continues.
6. I am also providing additional revenue and capital funding of up to £118m to support Preparatory Phase for 2025 and wider rural investment schemes such as the;
 - Nutrient Management Investment scheme (NMIS) which provides financial support to improve the economic and environmental performance of farms through infrastructure investment such as equipment and machinery to address the impact of on-farm pollution.

- Small Grant Yard covering scheme which provides support for on farm infrastructure improvements and a range of small grants provide opportunity for farmers to invest in equipment or create new or maintain existing features such as hedgerows, stonewalls etc.
 - Habitat Wales Scheme to support the management of important habitats across Wales and tackle the nature emergency.
 - Woodland Creation and Planning Grant to provide investment in trees to support both carbon sequestration and a wide range of other environmental benefits.
 - A new Agri-Food Tech challenge fund throughout the wider supply-chain that will support innovation and research to help develop solutions to issues across the whole supply chain.
 - Strategic Innovation Scheme to support technical development within the food and drink industry in Wales through activities such as the Helix Programme.
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7. Through the Food and Drink Budgets, I have also invested an additional £0.5m to Blascymru/Taste Wales brokerage support to promote exports and inward investment into Wales.
8. During the Blas Cymru Brokerage 2023, Wales welcomed 276 trade buyers, including international buyers from 11 countries, and 122 Welsh food and drink businesses including 15 Rising Stars. Some 2100 scheduled trade meetings between trade buyers and Welsh food and drink businesses took place, generating around £38 million in secured and potential sales. Some 203 new products were developed for retail and foodservice. The next brokerage will take place on 22-23 October 2025 at the ICCW, with increased targets for participation and sales.
9. I have allocated additional funding to support initiatives across the CVO's portfolio. This includes additional investment to continue our shared ambitions for high standards of animal health and welfare in Wales, the bovine TB eradication programme and our ongoing work to combat anti-microbial resistance.
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Monitoring of Budgets

10. All budgets continue to be monitored and challenged on a monthly basis, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for the MEG to ensure that budgets remain on track to deliver my priorities. We maintain very close monitoring to ensure funding is being invested where best needed whilst supporting our priorities.

Implications for the draft budget relating to recovery from the Covid-19 pandemic

11. The whole food chain continues to struggle to fill job vacancies, from seasonal labour requirements previously filled with migrant workers, in agriculture and food manufacturing to permanent vacancies at all skill levels across food manufacturing and hospitality sectors. Food manufacturers have consolidated their product ranges and shortened working weeks in response to the labour crisis. The UK has a significant problem where large numbers in the 50+ age group left the workforce during the Covid pandemic and the wider labour pool is of major significance to economic recovery.

EU transition following the UK's withdrawal from the EU

12. The UK's exit from the European Union continues to impact on Wales, resulting in critical new areas of work for the Welsh Government. Some were expected, such as preparing our borders, however, the impact of other changes across the portfolio has still to be determined. The context is still evolving.
13. We need to continue to adapt and respond to these new ways of working for Wales both in terms of our role in the UK and our engagement with the EU and other trading nations. This requires the maintenance of effective inter-government communications. For example I am part of a formal Inter-Ministerial group with the UK Government (Defra), the Scottish Government and the Northern Ireland Executive, in which we now have renewed and agreed principles for working across the four nations including discussing matters of differences to agree how we work together to further respective policy aims.

14. This work is supported by a series of common frameworks which are being updated following scrutiny by relevant committees. These set arrangements for how we come together across the UK in subject areas. We expect these to be finalised in 2025. Furthermore, the machinery underpinning the EU TCA is still developing and requires consideration and effort to ensure we continue to engage effectively. This requires an understanding of the evolving trading environment and any potential impacts, not only in terms of the EU TCA but also considering new trade agreements with other nations.

Programme for Government 2021-2026

15. The budget allocations for the Climate Change and Rural Affairs MEG ensures that it prioritises my Programme for Government commitments, not only in the Rural Affairs portfolio but across Government. For example, many of the Climate Change specific Programme for Government commitments are supported by investment from the CCRA MEG. For example, the Nutrient Management Investment scheme supports investments which enhance on-farm nutrient management, protect, and enhance water, soil and air quality, improve on-farm resource efficiencies, technical performance, and the use of technology to improve management decisions.

16. The Community Food Strategy has the potential to deliver many benefits which advance the Future Generations Well-being goals. While 'food' is the common factor, the societal benefits could be wide ranging. The Strategy will enable and encourage stakeholders and partners to play a full part in improving the focus on food matters, and planning and delivery across public bodies and public services boards where food is relevant. Structures to advance community food are already in place, with Welsh Government having pump primed Local Food Partnerships through a one-off grant to establish them across Wales.

Preventative Spend

17. These budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. Value for money and clarity over how we use our resources effectively is central to delivering our priorities. Once expenditure is planned in line with priorities, we have well-established delivery and monitoring processes in place to ensure that resources are used effectively for the purposes intended.

18. I have also prioritised funding for Rural Investment schemes that are preventative such as targeting agri-environment improvements through the Habitat Wales Scheme; improved productivity and viability of businesses and targeted investment grants, the creation and restoration of woodland; and many other schemes being delivered. The Food Business Accelerator Scheme offers capital grants to support sustainable growth in food manufacturing and productivity improvements. while the Sustainable Innovation Scheme. The AgriFood technology Challenge Fund will
19. Rural Investment Schemes capital funding programmes are designed in such a way to promote sustainable practices and drive reduction in carbon emissions (and therefore work to help tackle the climate emergency). For example, the Growing for the Environment scheme supports the growing and utilisation of crops, which can result in improvements in the environmental performance of a farm business. The scheme objectives are to support farmers to reduce carbon and greenhouse gas emissions, adapt to climate change and build greater resilience into farm businesses, improve water quality and reduce flood risks, and contribute towards a reversal in the decline of Wales' native biodiversity.
20. The significant funding of over £118m will support our farmers, foresters, land managers and food businesses to promote the sustainable production of food and support the rural economy on the path to a net zero, nature positive Wales. Funding includes a focus on woodland and forestry, on farm environmental improvements, sustainable land management, productivity and diversification. We are also targeting landscape scale land management and food and farming supply chains, in preparation for the Sustainable Farming Scheme from 2026.
21. High animal health and welfare standards help protect against disease outbreaks. Healthy animals help protect the productivity and production levels of farmers, reduce capital losses, minimise negative trade impacts as well as reducing pollution and CO2 emissions. For the economy, there can be huge economic impacts associated with a disease outbreak. For example, the 2001 Foot and Mouth outbreak impacts on agriculture, the food industry and the public sector in the UK were estimated at £3.1 billion
22. TB related budgets are invest to save budgets. Failure to invest in eradication of TB will incur a corresponding increase in compensation costs as a result of infected animals. I have been able to invest an additional £1m in 25-26 which helps ease pressures reported through this current financial year.

Evidence-based policy making

23. The evidence used is made up of evidenced based policy commitments in the Programme for Government aimed at tackling the Climate and nature emergencies.
24. Evidence received through the experiences over many years in delivering the EU Common Agricultural Policy support schemes, including the Rural Development Programmes, which ended in December 2023.
25. Since our departure from the EU, we have revised how we monitor, report and evaluate Welsh Government agricultural support. The Agriculture (Wales) Act 2023, sets out a reporting framework and timescales based around the four Sustainable Land Management (SLM) objectives;
1. to support the Sustainable Production of Food and other Goods,
 2. to mitigate and adapt to climate change,
 3. to maintain and enhance the resilience of ecosystems and the benefits they provide, and
 4. to conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.
26. An SLM assessment is undertaken to ensure Welsh Ministers exercise functions in relation to agriculture, or other activities carried out on land used for agriculture and ancillary activities that best contributes to the SLM objectives. These four objectives are not hierarchical and must be considered together.
27. The current and proposed agricultural support will be outlined in the Multi Annual Support plan (MASP), which will be published before the end of this year, with an annual report published thereafter outlining financial spend and activity data.
28. SLM Indicators and targets will be consulted on early in 2025, with a statement outlining agreed indicators and targets by December 2025. The first SLM report is due in December 2026, setting out progress. The 5-year Impact report will use tried and tested evaluation techniques to ascertain the effectiveness of impact of the investment.
29. We are taking forward lessons learnt from previous mainly EU rural development programmes to ensure consistency in reporting and efficient use of resources, it is intended that SLM reporting will be the sector's

contribution to directly inform Sustainable Management of Natural Resources (SMNR) reporting through the State of Natural Resources report (SoNaRR).

30. All reporting outlined in the 2023 Act will be published and add to the existing evidence base to determine where future investments need to be targeted for best value for money to meet societal, environmental and economic needs for the Well Being of Future Generations.
31. In May I announced the creation of the SFS Ministerial Roundtable which consists of farmers, representative organisations such as the Farming Unions, eNGO's and other stakeholders with an interest in achieving a sustainable agricultural industry in Wales.
32. I also confirmed BPS 2025 will continue unchanged, to provide as much certainty as possible without knowing the future budget position.
33. I have subsequently announced the SFS preparatory phase for 2025/26 with further announcements expected early next year to invest in the rural economy.
34. This phase will provide advice and support to farmers in advance of the introduction of SFS, including
- Habitat Wales Scheme 2025
 - Habitat Wales Scheme Commons agreement - extensions.
 - The 2025 Organic Support Payment
 - Extension of the Farming Connect programme.
 - A new Integrated Natural Resources Scheme
 - Growing for the Environment
 - Small Grants Environment
 - Small Grants Efficiency
 - Small Grants Horticulture Start up
 - Agriculture Diversification and Horticulture Scheme
35. Due to the Ministerial decision to continue BPS 2025 unchanged and provide a preparatory phase before introduction of SFS in 2026, there is a revised cost
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profile for the implementation of the Agricultural Act. The updated Integrated Impact Assessment which will support a final decision in 2025 on the Scheme's introduction will set out the detail of these costs.

Well-being of Future Generations Act

- 36.** My draft budget preparations demonstrates how I have sought to reflect the framework of the Wellbeing of Future Generations Act and the Sustainable Land Management objectives in the Agriculture (Wales) 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.
- 37.** All funding for rural development will need to align with the Sustainable Land Management objectives and our priorities for the sustainable management of natural resources. These priorities are framed around the ways that natural resources can support our well-being goals and address both the risks to the environment and the social and economic benefits they provide.

Equality, Welsh language and children's rights assessment

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

Specific areas of policy

The development and implementation of agricultural policy including the proposed Sustainable Farming Scheme for Wales;

39. Our ambition for the Sustainable Farming Scheme to support a sustainable, productive agricultural industry in Wales has not changed. An updated Scheme Outline was published 25 November 2024 followed by a statement in the Senedd on 26 November.
40. The Scheme Outline sets out the significant progress we have made through collaboration. All members of the Roundtable, the Officials Working Group and the Carbon Sequestration Evidence Review Panel have contributed significantly to the content on the Scheme Outline.
41. The Roundtable has agreed that the published Scheme Outline will be used to undertake an updated economic analysis and impact assessment over the coming months to determine impacts on a range of agricultural, environmental and social aspects.
42. We have developed a Scheme which is designed to support all farmers in Wales through a Universal Baseline Payment, based on the completion of a set of Universal Actions.
43. Further support will be possible through the Optional and Collaborative Actions and where appropriate, until then we will continue to offer existing revenue and capital support, whilst they are developed.
44. The Scheme Outline will now be used to underpin a new economic analysis and impact assessment before Ministers make final decisions next summer. The Ministerial Roundtable will continue to be an important part of this process.
45. The development of fisheries policy, including the delivery of Fisheries Management Plans;
46. In setting out a Strategic Approach to Welsh Fisheries and Aquaculture, priorities have been considered against the wider Programme for Government commitments, the Joint Fisheries Statement (JFS) and Fisheries Management Plans (FMPs) commitments (under the Fisheries Act 2020).

Available budget and staff resources and other relevant factors, including a clear focus on delivery have also been considered.

47. Our future direction will continue to focus on the delivery of sustainable management at its core, and a focus on delivery of Fisheries Management Plans and adaptive management measures. All supported by science and evidence and engagement with stakeholders.

48. We will continue to deliver in line with our statutory duties and seek opportunities and initiatives to support the industry to develop and grow. Our regular funding rounds through the Welsh Marine and Fisheries Scheme will be designed to underpin all the priorities to help deliver the outcomes we all want to see.

49. The publication and implementation of FMPs as a key tool to deliver sustainable management will provide major benefits. However, they are creating substantial additional work across the Fisheries Division, most notably in Science and Policy. We recognise that some non-quota stocks are 'data deficient' and therefore for these stocks, as FMPs are implemented, they will first look to address evidence gaps to improve our understanding of stocks before changing management. Budget will be allocated to deliver the required assessments and advice.

Bovine TB eradication and other animal disease control such as avian flu and bluetongue;

50. Chief Veterinary Officers (OCVO) programme is made up of statutory and demand-led animal health and welfare, disease eradication and compensation priorities, including protection of public health. Our funding enables the delivery of policy areas such as;

- The continued Eradication of TB, including hotspots where prevalence is increasing (e.g. Anglesey). This includes the delivery of the 5-year TB Eradication Programme, which outlines a suite of measures aimed at reducing TB in Wales.
- Preparing for and responding to animal health disease incursions and outbreaks e.g. avian influenza and Bluetongue, where necessary, our need to meet the statutory obligation to pay compensation for any animals culled.

- Developing the animal health and welfare cornerstone of the Sustainable Farming Scheme, including the Animal Health Improvement Cycle.
- Delivery of PfG Commitments relating to Animal Health and welfare and the ten-year Wales Animal Health and Welfare Framework.
- Protection against risks to public health, and society from Antimicrobial Resistance.
- The capability to prepare for and respond to future pandemics and diseases of animal origin, which threaten human health and the environment.

Development and implementation of food and drink policy, including the Community Food Strategy;

51. The Programme for Government 2021 – 2026 includes a commitment to ‘Develop a Wales Community Food Strategy (CFS) to encourage the production and supply of locally-sourced food in Wales’.
52. The vision of the CFS is ‘to create a strong, vibrant and more prominent, grass roots, local element to the food system, rooted in communities and benefitting com local food supply activity and connectivity to stimulate the need for food demand.
53. CFS Development Approach:
54. To focus on forming new ways of working by creating an ongoing joined-up partnership approach across Welsh Government and with the key local level actors, including local authorities, public bodies and third sector organisations.
55. To provide enabling solutions that will support local level direction setting and action. The CFS will avoid a ‘top down’ directive approach and instead stimulate the creation of local initiatives that have been designed to address local needs.
56. For the priorities and goals of the Strategy to be developed and refreshed through an ongoing process of engagement and collaboration to ensure the focus and direction remains pragmatic and relevant.

57. Within the CFS, funding will be provided to support the network of Local Food Partnerships (LFPs) towards achieving genuine grass roots change. LFPs were established in every Local Authority region (with two LFPs covering Powys) through initial funding from the Social Justice MEG in 2022-23. This network will bring capacity for local leadership and co-ordination, and the means to connect community level activities with public body level planning and service delivery.
58. For 25-26 up to £1m Revenue and £230,000 Capital will be drawn from the Sustainable Farming Scheme Preparatory Phase (SFSP) Given the cross-portfolio nature of delivery around the CFS, this will match additional proposed funding for the LFPs from the Social Justice MEG (Resource only).

An update on discussions with the UK Government about future funding for agriculture support.

59. The Welsh Government's position has been that the UK Government should provide a baseline transfer of at least the same level of replacement farm funding as we received this financial year for 2025-26 along with Bew funding. In 2024-25 we received £339.6m. Ahead of the Autumn Budget the Cabinet Secretary for Finance and Welsh Language wrote to the Chancellor to this effect.
60. A meeting of the Finance Interministerial Standing Committee took place on the 3 October. The meeting explored opportunities to work together to make progress on a series of legacy issues, including on the future of replacement EU funds.
61. It is a long-standing principle of devolution that the Welsh Government budget should not be ring-fenced for specific purposes. It is for Welsh Ministers, with the Senedd's approval, to decide how to allocate the Welsh Government's budget to reflect the circumstances and priorities in Wales.

Legislation

Continued agricultural payments ahead of transition to the new Sustainable Farming Scheme – the Basic Payment Scheme and interim replacement schemes such as the Habitat Wales Scheme, the Organic Support Payment and the Integrated Natural Resources Scheme.

62. Support for the Agriculture sector will continue using EU Assimilated Law, which was amended in Wales in 2022 ahead of launch of the new Sustainable Farming Scheme – this includes Basic Payment Scheme and interim replacement schemes such as the Habitat Wales Scheme, the Organic Support Payment and the Integrated Natural Resources Scheme.

The process of transition to the new Sustainable Farming Scheme such as piloting, outreach e.g. support for Farming Connect, administrative arrangements and research and development

63. New secondary legislation will be introduced in 2025 to give effect to sections 10 and 12 of the Agriculture (Wales) Act 2023, which will govern all future agriculture support, beginning with the launch of the new Sustainable Farming Scheme in 2026.

64. In addition to the direct support available to farmers outlined in the SFS preparatory phase, we are working with:

- farmers to get our mapping right for habitat and other landscape features.
- NRW to work out how best to deliver designated site management plans
- Farm assurance and vets to pilot the Animal Health Improvement Cycle

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

65. Further amendment of the TB (Wales) Order 2010 will be needed to implement changes to compensation and Informed Purchasing. This will take

place following further consultation with industry and appropriate policy development, including impact assessments.

The implementation, enforcement and review of the Water Resources (Control of Agricultural Pollution) Regulations 2021;

66. Budget is set aside from BEL 2860 to review and implement domestic regulations, to fulfil statutory and international obligations, including in relation to the Control of Agricultural Pollution Regulations; Environmental Impact Assessment Regulations; the Agricultural Advisory Panel for Wales; Agricultural Wages Orders; and the development of the wider baseline regulations which underpin land management schemes.

Continued financial assistance for the marine, fisheries and aquaculture sectors following the end of the European Maritime and Fisheries Fund (EMFF);

67. The European Maritime and Fisheries Fund has been replaced with the domestically funded Welsh Marine and Fisheries scheme (WMFS). This is a funding scheme to support environmentally and economically sustainable growth in the Welsh seafood industry and encourage the Welsh coastal communities to thrive. The WMFS has been tailored to support Welsh interests in the new UK and international context, a balance has been struck between continuity with the past, a degree of consistency with other UK Administrations and looking forward to capitalising on new opportunities. Operationally, the scheme is flexible to allow the Welsh Government to adapt to changing priorities whilst advancing towards our strategic aims.

68. The WMFS will continue to support the marine, fisheries and aquaculture sectors in 2025 with a General Funding round which is broad in nature and has the strategic aims and objectives of:

- Contribute to Wales having a marine environment which is resilient and sustainable against the effects of climate change.
- Contribute to Wales having the science and evidence to inform future decisions in the Welsh marine, fisheries and aquaculture sector from species data to co-existence of marine sectors.
- Contribute to Wales having a biodiverse marine environment and a thriving, sustainable ecosystem.

- Contribute to a sustainable, profitable and diverse Welsh seafood sector which has a strong domestic market coupled with an expanding worldwide market.

69. In addition to the WMFS further support is being introduced by way of a Fisheries Animateur for Wales. This will provide support for fishers and aquaculture businesses to identify and access grant funding from Welsh Government and wider UK Government where relevant, the animateur will liaise between industry and Welsh Government policy to strengthen the interaction and co-development of support initiatives for the sector.

Key policies included in the new Animal Welfare Plan for Wales 2021-26;

70. Our Animal Welfare Plan for Wales 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. This will require the need for review of existing animal welfare legislation, along with maintaining some flexibility should new policy actions be required.

Livestock identification and movement policy

71. The revocation and replacement of the Cattle Identification (Wales) Regulations 2007, as amended, is needed to implement registration and movement changes along with the introduction of Bovine EID in Wales. The policy proposals were consulted on in 2021 and we have continued to engage with industry throughout the policy development process.

Oversight of borders policy

72. Although the UK Government plans to seek a veterinary or more comprehensive Sanitary and Phytosanitary Measures SPS agreement with the EU, the Borders Target Operating Model currently remains extant policy. This budget is, therefore, identified to progress our readiness for implementation. It will include enabling completion of the Holyhead Border Control Post (BCP) build and essential spend on handover of the BCP expected in spring 2025. The budget also covers limited staffing costs, within Welsh Government and in Ynys Mon and Pembrokeshire Local Authorities.

73. We will continue to work with the other UK administrations on the precise nature of the deal and what this means for SPS controls and UK biosecurity

both in the interim and for the longer term. Our spending plans will be reviewed as the outcome of this work materialises.

74. The budget includes an HMT contribution for just the build costs of £28,955k capital and £357k revenue. We maintain our stance that the UK Government should be funding all revenue costs of implementing any post-Brexit borders regime and not just the build.

Annex A Detailed breakdown of Actions by BEL activity

A breakdown of the 2025-26 draft budget, by Spending Programme Area, Action and Budget Expenditure Line (BEL), both revenue and capital.

Action: Strategic Evidence, Borders and Intergovernmental Relations

BEL Description	Resource Budget £'000	Capital Budget £'000
2816 - Strategic Evidence, Monitoring, Borders & Intergovernmental Relations	2,639	0

75. BEL 2816 supports the Strategic Evidence, Borders and Intergovernmental Relations Division (SEBIR - formerly ERA EU Exit and Strategy Unit). The division was created to coordinate, and support our exit from the EU, and now helps co-ordinate and embed transition activities into business as usual. With the completion of the UK-EU Trade and Co-operation Agreement the division supports the effective implementation of new cross-cutting functions and structures resulting from EU-Exit, the co-ordination across common frameworks and the management of intergovernmental relationships for the portfolio. Developments are still evolving requiring continued resource and effort to ensure effective engagement and influence across a number of UK Government departments.

76. The division works across Climate Change, Environment Sustainability and Rural Affairs portfolios to facilitate, co-ordinate and deliver strategic evidence, modelling and their practical applications to support the portfolios' wider policy making including;

- management of the long-term Environment & Rural Affairs Monitoring & Modelling Programme(ERAMMP) contract,
- the development of Earth Observation technologies,
- a focused Environmental Evidence Programme, and
- academic engagement activities

all these are focused on supporting policy development, delivery and evaluation of Programme for Government (PfG) Commitments.

Action: Develop and deliver overarching policy and programs on Agriculture

BEL Description	Resource Budget £'000	Capital Budget £'000
2829 Agri Strategy	500	0
2860 Agriculture Policy & Evidence, Delivery & Engagement	6,240	3,050

- BEL 2860 Agriculture Policy & Evidence, Delivery & Engagement
- BEL 2829 Agriculture Strategy

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

78. Funding is allocated to Welsh Local Authorities via the Heads of Trading Standards to deliver targeted and additional animal health and welfare enforcement activities via a local authority agreed Partnership Development Plan.

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

80. The budget covers direct funding to the Royal Welsh Agricultural Society as well as other show Societies across Wales.

81. The allocation funds the County Parish Holdings (CPH) Project, which is rationalising and cleansing the CPH landscape in Wales. The allocated budget (£200,000) will ensure RPW continue to administer and maintain the current IT platform with the other £300,000 being needed to support the outcome of the independent review that is currently taking place, and any case work and

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

82. This BEL funds important research and evaluation activity in relation to Welsh agriculture, the Farm Business Survey (FBS) is an annual survey of farm businesses in Wales. It is conducted with the primary purpose of collecting detailed physical and financial data about the economic position of farm businesses throughout Wales. The survey is the primary source of information on the economics of farm businesses. The survey provides evidence on the levels of income in different agricultural sectors in Wales, financial performance, and farms' financial situation (assets, liabilities, net worth). For example, the Farm Business Survey is the source of the commonly quoted figure: on average, 80% of Welsh farmers' income derives from the Basic Farm Payment.

Action: Basic Payments & Administration

BEL Description	Resource Budget £'000	Capital Budget £'000
2787 – BPS	238,000	0
2790 – RPW Admin	3,794	0
2790 – RPW Admin Non Cash	10,243	0
2789 – RPW ICT	0	8,200

83. The Basic Payment Scheme (BPS) is 100% domestic funded Direct Aid, which has been retained from the Common Agricultural Policy (CAP) under retained EU law. Payments are made directly to farmers who use the money to meet their business and other expenses. Payments are made in October (advance) and December (balances). Direct Payments for Farmers (Legislative Continuity) Act 2020 (c.2),

84. BEL 2790 RPW ICT systems comprises three main components:

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

85. All three systems are integral to maintaining efficient delivery of all rural support schemes and it is imperative they continue to operate and be developed to:

- Maintain a robust audit trail and records retention for all payments.
- Deliver the suite of domestic support schemes as part of the SFS preparatory phase.
- Support the delivery and implementation of SFS in 2026 and transition from BPS thereafter.

Action: Rural Investment Schemes

BEL Description	Resource Budget £'000	Capital Budget £'000
2833 – Rural Investment Schemes	50,220	66,952

86. The purpose of this BEL is to prepare the sector for the introduction of the SFS from 2026, through the provision of various demand led rural investment and SFS preparation schemes. The schemes build on the over £200m of transitional rural investment schemes provided to farmers and land managers between 2021 and 2025 using EU replacement funding, ahead of the introduction of the Sustainable Farming Scheme. Monitoring, reporting and evaluation for this support will be as outlined in the Agriculture (Wales) Act 2023.

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

BEL Description	Resource Budget £'000	Capital Budget £'000
2949 – RDP 14-20	1,500	0

87. BEL 2949 - The Welsh Government Rural Communities – Rural Development Programme 2014-2020 was a 7 year investment programme supporting a wide range of activities which closed in December 2023. Since 2025 funding is limited to the remaining multi-year woodland creation commitments, to pay annual income foregone and maintenance claims.

Action: Fisheries and aquaculture including the enforcement of Welsh Fisheries

BEL Description	Resource Budget £'000	Capital Budget £'000
2870- Fisheries	3,605	1,000

88.BEL 2870 covers funding for the following;

- Fisheries Science and Evidence – Delivery of a range of statutory and non-statutory fisheries science commitments, underpinning fisheries management of fisheries and policy development.
- Welsh Marine and Fisheries Scheme – This is the EMFF replacement scheme and is the vehicle for investment in the fisheries and aquaculture sectors
- Fisheries Digital Systems – Digital fisheries management systems include a range of IT systems for catch recording, vessel monitoring, recording fisheries and marine licence inspections, fish sales records and health and safety systems for enforcement officers.
- Domestic Fisheries Policy - We will continue to meet statutory obligations to manage permitted fisheries and deliver Fisheries Management Plans. This work will ensure our fisheries are sustainable by protecting the environment whilst, at the same time, maximising the economic and social benefits of fisheries to Wales.
- Marine & Fisheries Trade – Including core funding for Welsh Fisherman’s Association (WFA)
- Control & Enforcement - Covers all operational costs around Control and Enforcement, including Fisheries Patrol Vessels costs, such as maintenance, fuel and insurance.

Action: Developing and Marketing Welsh Food and Drink

BEL Description	Resource Budget £'000	Capital Budget £'000
2970 - Promoting Welsh Food and Industry Development	5,360	0

89. BEL 2970 supports activities to promote the Welsh food and drink industry and develop the sector. The aim is to create a strong and vibrant Welsh food and drink industry with a global reputation for excellence, having one of the most environmentally and socially responsible supply chains in the world. The overall objectives and actions are outlined in **A Vision for the Food & Drink industry from 2021.**

90. Key activities delivered from BEL2970 include:

- the Trade Development programme which supports producers to gain access to supply multiple and independent retailers and wholesalers,
- the BlasCymru/TasteWales brokerage event, which in its last iteration generated over £35 million of contracts for Welsh Food and drink businesses and activities to promote exports and inward investment into Wales. The activity complements that funded by the Rural Investment Schemes BEL 2833, delivering the Strategic Innovation Scheme (including Project Helix, Skills and Enterprise programmes).

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

BEL Description	Resource Budget £'000	Capital Budget £'000
2270 – Animal Health & Welfare Framework	1,910	0

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

Action: Management and delivery of TB Eradication and other Endemic Diseases

BEL Description	Resource Budget £'000	Capital Budget £'000
2271 – Animal & Plant Health Agency	20,300	0
2272 – TB Slaughter Payments Costs and Receipts	14,312	0
2273 – TB Eradication	9,310	0

92. BEL 2271 supports statutory services and activities, the majority of which are delivered by the Animal and Plant Health Agency (APHA) in Wales. Funding helps safeguard animal health and welfare as well as public health, rural livelihoods and trade and enhances food security through research, surveillance and inspection.

93. Funding is also provided for the statutory work undertaken by the Food Standards Agency and funding to cover statutory TSE compensation payments should need arise.

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

95. Funding ensures we are able to respond to animal health and disease incursions and outbreaks including Avian Influenza (Bird flu) and Bluetongue. We have included where necessary our need to meet the statutory obligation to pay for compensation for any animals culled. Due to the increasing number of detections of H5 HPAI viruses in wild birds in different parts of Great Britain and the start of migration season, the risk of HPAI incursion in wild birds and poultry have been increased. Risk levels are anticipated to increase further over the winter underlining the importance of all bird keepers maintaining high standards of biosecurity and hygiene to protect flocks. Given we are in the bird migration season, risk levels are subject to change and will be assessed on a regular basis.

96. The budget is in place to mitigate:

- risk arising in the event of an exotic animal disease outbreak has wider repercussions given that the Welsh Government has contingent (financial) liability for unbudgeted costs in those circumstances e.g. cost to Government in Wales was estimated at around £100m in the 2001 Foot and Mouth Disease Outbreak when it was a non-devolved issue. In today's terms that cost could be significantly more without estimating damage to industry, communities, trade and tourism in Wales, where there would be a severe detrimental impact to incomes.
- failure to demonstrate effective control on animal disease could undermine future negotiations on a single market where requirements for having in place animal disease controls at least equivalent to other Member States may be a position heavily emphasised as part of any trade agreement with the European Union.

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

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

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

Action: Border Controls

BEL Description	Resource Budget £'000	Capital Budget £'000
3730 Border Controls	4,100	28,955

100. The Division leads on the co-ordination of policy advice for the Borders Target Operating Model implementation and the implementation of the Windsor Framework as it applies in Wales. The division also leads on the operational aspects of the physical border control facilities and buildings. Specifically for Holyhead how the Border Control Posts (BCP) building will be managed and maintained by the Welsh Government once the building has been completed and handed over by the contractors.

