

Climate Change, Environment and Rural Affairs Committee

Date: Thursday 16 January 2020

Time: 09:15 – 10:45

Title: Evidence paper – Draft Budget 2020-21
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 2020-21, published on 19 November. It also provides an update on specific areas of interest to the Committee.

Background

2. The draft budget 2020-21 provides a one year plan for revenue investment and the final year of the three year for capital investment. The tables below provide an overview of the Environment, Energy and Rural Affairs (MEG) as published in Draft Budget 2020-21.
3. The draft budget figures are summarised as follows:

Table 1. Summary changes to EERA MEG Draft Budget 2020-21

EERA MEG			£m
EPRA Summary	2019-20 1 st Supp £m	Changes	2020-21 Draft Budget £m
Resource DEL	189.704	5.391	195.095
Capital DEL	87.061	43.931	130.992
Total DEL	276.765	49.322	326.087
Resource AME	2.400		2.400
Total AME	2.400		2.400

4. To enable a like for like comparison of the 2019-20 budgets at 1st Supplementary with the 2020-21 draft budgets, the attached Budget Expenditure Line (BEL) table will detail all of the movements from both MEG to MEG and Intra MEG changes.

2020-21 Draft Budget – Resource

5. The October and November Cabinet presented indicative MEG level allocations, focussing on additional funding across the eight cross cutting priority areas and funding in relation to the negative consequential as a result of the Non-Domestic Rates (NDR) adjustment, with the aim to publish the draft budget on 19 November with the final budget on 4 February 2020.
6. The indicative allocations show there has been a net increase of £5.391m (2.8%) to the EERA Resource budgets. This includes reductions to the MEG in respect of previous year non recurrent funding.
7. The revenue changes are shown below in the table which reconciles the 2018-19 1st Supplementary budget to the current draft budget for 2019-20.

Table 2. Summary Resource Budget Changes 2020-21

	2020-21 Draft Budget £m
Opening Budget (2019-20 1st Supp)	189.704
Pressure Funding from Central reserves	5.182
Funding for Coastal Risk Management Programme	2.600
NDR Adjustment – Reserve Funding	2.000
Cross Cutting Allocations	1.900
EU Transition Funding	0.170
Less Movements from EERA MEG	
2019-20 EU transition Funding	(2.310)
Cessation of Plaid Cymru New Farm Entrants	(4.000)
Tfr Coastal Risk Management Fund to RSG	(0.151)
Closing Baseline Draft Budget for 2020-21	195.095

8. The indicative resource allocations includes a £2.6m funding from reserves and a transfer of £0.151m to the Housing and Local Government MEG in respect of the Coastal Risk management Programme (CRMP). This Programme will provide for £150 million worth of investment in coastal risk management works across Wales, with Welsh Government contributing £112.5 million revenue funding in support. The programme will use the Local Government Borrowing Initiative model to finance the construction phase.
9. We have been allocated £0.170m for EU Transition funding in respect of Sustainable brand Wales and Permitting and Licensing Application and hardware, the final year of the EU transition fund. There has also been a reduction of £2.310m for EU transition projects which completed in 2019-20 which no longer require funding.

10. Finally, there has been a reduction adjustment of £4m for the New Farm Entrants funding which was funding over the two year period 2018-19 to 2019-20 as part of the Plaid Cymru budget deal.
11. I have considered the additional allocations announced at the October Cabinet as well as the additional allocations for Cross Cutting Priorities and the NDR Allocations from Reserves at the November Cabinet, and after reviewing my pressures and priorities for next year, I have decided to allocate to the following budgets.

Table 3. Allocation of Additional Revenue from Cabinet 14 Oct and 4 Nov

	BEL	2020-21 Draft Budget £m
Source of Funds		
Additional Funding – Cabinet 14 October		5.182
Cross Cutting Priorities – Cabinet 4 November		1.900
NDR Allocations – Cabinet 4 November		2.000
Application of Funds		
Multi-species Database Development	2682	1.800
TB Compensation - Reduction in EU TB income	2269	1.500
Support Biodiversity Capital Funding	2825	0.739
Funding for Land Management Reform	2829	0.400
Fisheries EU Transition Funding 19-20	2870	0.743
		5.182
Home Energy and tackling Fuel Poverty	1270	0.400
National Forest Revenue Support	2827	0.500
Other Biodiversity, Peatland and Soils	2825	0.500
Biodiversity Task Force Pilot	2825	0.500
		1.900
Decarbonisation	3770	1.250
TB Slaughter Payments – Compensation Cost Pressure	2272	0.750
		2.000

2019-20 Draft Budget - Capital

12. The Welsh Government allocated the majority of capital budgets at the outset of the planning period during 2017-18, providing long term certainty and flexibility to manage the Government's investment in line with priorities up to and including 2020/21. For EERA, there has been a net increase in the capital budget of £43.931m in 2020/21 from the 2019-20 1st Supplementary Budget, and £53.385m increase from the Indicative Capital plans for 2020-21 outlined during 2017-18.
13. 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 Decarbonisation and Biodiversity.

Table 4. Additional Capital Allocations 2020-21

Summary Capital Budget Changes	2020-21 Draft Budget £m	BEL
Opening Indicative Capital Budget 2020-21	77.607	
Air Quality priority area		
Air quality - Cardiff & Caerphilly	14.280	2817
Biodiversity priority area		
National Forest	4.500	2825
Natura 2000 Network - maintenance & enhancement	15.000	2825
Metal Mines programme	4.500	2230
National Peatland restoration	1.000	2825
Environmental Growth Fund	5.000	2825
Water quality improvements	5.000	2230
Agriculture		
Multispecies Wales Database	2.100	2862
Replacement CAP ICT Development	1.505	2789
EU Transition		
EU Transition Funding – Sustainable Brands	0.100	2970
EU Transition Funding – Compliant Wood packaging	0.150	2827
EU Transition Funding – Permitting and Licencing	0.250	2451
Closing Draft Capital Budget 2020-21	130.992	

2019-20 Draft Budget – Intra-MEG Movements

14. As part of my budgetary review, I have re-allocated and prioritised a number of revenue budgets to ensure that I have the right balance of investment across my portfolio to support the National Strategy “*Prosperity for All*” priorities. These are detailed below.
15. All remaining intra-MEG movements were budget re-alignments to better improve transparency, rationalise a number of smaller budgets to improve flexibility or where responsibilities have been moved within the portfolio.

Table 5. Intra MEG budget Movements

From BEL	To BEL	£m	Explanation
Environment Evidence and Support 2818	Strategy and Gov’ Relations 2816	0.696	Transfer of responsibilities and better budget alignment
Natural Resources Wales 2451	Local Environment Quality 2191	0.200	Transfer of responsibilities and better budget alignment
Other Plant Health Services 2821	Natural Environment 2825	0.052	Transfer of responsibilities and better budget alignment
Legislation and Policy Implementation 2865	Technical Advice Services	0.183	Transfer of responsibilities and better budget alignment
Agriculture Strategy 2829	EiD Cymru 2862	0.020	Support development of the Multi-Species Database
Local Authority Framework 2831	EiD Cymru 2862	0.400	Support development of the Multi-Species Database

Programme for Government – Prosperity for All

16. 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.
17. 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.
18. 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 committing £64m to 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.

19. 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 £36m, 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. This is important preventative spend, with research showing that our work is reducing demand on the NHS by protecting vulnerable individuals from damp and cold. Since 2010 we have invested more than £240m through this program, helping to lift tens of thousands of low income households out of fuel poverty.

20. Concerted cross government action is needed to shift our economy and society away from fossil fuels through greater electrification and efficiency. In this budget we are helping to mobilise businesses and communities across Wales to accelerate the transition in key economic sectors:

- Energy

We are investing £15m to create local low carbon energy systems in every part of Wales, taking a whole system approach so that we support a range of low carbon electricity and heat technologies that will best deliver according to the needs of communities and businesses in different locations. This funding will support our objective of achieving a carbon neutral public sector by 2030, and will continue to increase our support to the 70+ local and community-owned renewable energy generation projects across Wales in which we invest. This activity will be also supported by additional loan funding available through the Development Bank for Wales.

- Agriculture

In this budget we have committed £76m, including £40m of European Union funding, to support our farmers to adopt sustainable farming practices that make their businesses and our countryside more resilient to the impact of climate change. Our investments are supporting farmers as we continue to raise the regulatory baseline, with tighter environmental standards that secure the progress the sector has made through voluntary approaches, and ending poor practice where it still exists.

21. If we are to overcome the present climate emergency, we will need our natural environment to be in the best possible condition so that ecosystems are resilient to the shocks they face from a changing climate, and that we maximise the protective power of nature on which our wellbeing relies.

- Protected sites

The 112 most ecologically important nature sites in Wales are known collectively as a part of the Natura 2000 network that extends across the whole European Union. In this budget we have committed £15m to invest in improving the condition of these sites and strengthening the arrangements for managing them in the future.

- A National Forest for Wales

This year we signalled our intention to create a National Forest for Wales, with our long term vision for the forest to extend the full length of Wales. This will create new tourism opportunities, building on the success of the Wales Coastal Path, as well as absorbing our carbon emissions. In this budget we are kick starting the program by committing £5m to improve the condition and connectivity of our most precious ancient Welsh woodlands and to accelerate the rate of tree planting which, in the first three years of this assembly term has exceeded 16 million trees, equivalent to planting more than 14,000 trees every day.

- Peatlands

Peatlands play a dual role in absorbing vast quantities of carbon emissions and supporting a rich suite of habitats and species. In this budget we are committing £1m to deliver the first year of a national peatland restoration program in support of our objective to bring under sustainable management all areas of peat supporting semi-natural habitat in Wales. As well as protecting the ability of peatlands to absorb carbon emissions, this preventative spend on better management reduces the risk of wildfires thereby saving the resources of the emergency services in tackling them.

- Water quality

We are committing £9.5m to tackle water quality issues that affect our rivers and other inland waterbodies. This includes £4.5m on remediating metal mines which, since they were abandoned in some cases more than 100 years ago, remain a major source of pollution of Welsh waters. Improving water quality will improve the health of the wider environment, making it more resilient to the impact of climate change.

- Marine conservation

We have been protected from much of the potential warming effect of greenhouse gas emissions as these have been absorbed by the sea. Yet this has caused ecological damage to our oceans which has only added to the damage from the World Wars and more recently by plastic pollution. In this budget we are committing £4.4m to taking action to restore more of our marine environment and to enable sustainable economic activity that does

not cause further damage, including support for the development of marine renewable energy technology.

- Access to nature

In this budget we are committing £10m to invest in collaborative action between local communities, businesses and public bodies through a range of grant schemes, including our Enabling Natural Resources and Wellbeing grant. The projects funded through the scheme are designed to be a catalyst for long term collaboration on tackling climate change, pollution and other critical pressures on our natural environment.

- Environmental Growth Plan

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.

The 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. Within the £137m general capital allocated across Welsh Government in 2020-21, there is £5m capital allocated specifically to Environmental Growth, aimed at projects to be seen 'from the doorstep'. We are considering options for how it could be utilised to best effect (using the External Reference Group) and including the possibility of a 'local places for nature fund' to encourage local action, where communities are encouraged to develop local, small scale Environmental Growth solutions.

Decarbonisation

22. We are focusing our budget preparations across Government on eight cross cutting priority areas where we can have the greatest impact over the long-term. This includes our priority of decarbonisation.
23. 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 UK Committee on Climate Change (UKCCC) 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.
24. Since the publication of our Plan, we have accelerated our ambition following the latest evidence presented by the Intergovernmental Panel on Climate Change last October. I have accepted the UK CCC's recommendation and intend to legislate to this effect in 2020. This represents Wales' fair contribution to the UK's commitment under the Paris

Agreement and demonstrates our commitment to tackling the Climate Emergency. We have also asked the UKCCC to explore what it will mean for Wales to go to net zero emissions.

25. 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 will be receiving further advice from the UKCCC around this next year.
26. 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.
27. We are also providing capital funding of £23m in 2020-21 to the Warm Homes programme, which includes Nest and Arbed. Over the programme period 2017-21 we will improve the energy efficiency of up to 25,000 homes across Wales and to provide stability and certainty for the energy-efficiency supply chain in Wales to grow their business. Our investment will also lever in up to £24m of EU funding, in addition to funding from the UK Energy Company Obligation (ECO).
28. At the summit on Climate Change on 16 October, the FM and I urged everyone – including businesses, public sector, communities and young people - to pledge to take action to tackle climate change in whatever way they can. It requires collective action and we want to share learning ahead of the United Nations Conference of the Parties (COP 26) next year and the publication of our All Wales Delivery Plan in 2021.

Preventative spend

29. Whilst it is difficult to specify the proportion of our budgets which are preventative, 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.
30. 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.

31. 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.
32. The National Strategy for Flood and Coastal Erosion Risk Management 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. 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.
33. Our continued investment into Green Growth Wales 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.
34. 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. Wales has 1.4 million homes across a wide range of housing types with 30% of households in Wales estimated to be in fuel poverty. 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. These findings support our decision to extend the eligibility criteria for our scheme to include householders on low incomes who have a respiratory or circulatory condition.
35. 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.
36. There are also Industry-led programmes which are funded by the Welsh Government's Rural Development Programme (RDP) and run by the Wales Animal Health and Welfare Framework Group with the aim of

eradicating both Bovine viral Diarrhoea (BVD) and Sheep Scab from Wales. BVD is a costly disease which can impact on the efficiency level of a farm as well as reducing the standard of the herd's welfare. Sheep scab is one of the most contagious diseases of sheep in Wales and has been identified as a disease priority by the Wales Animal Health and Welfare Framework Group.

Wellbeing of Future Generations

37. 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.
38. 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.
39. 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.
40. 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. 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.
41. 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. The Welsh Government is

considering how to maximise these economic and environmental benefits and will work in collaboration with the public sector and other partners to identify preferred sites for planting. This is a major undertaking and it is essential we take the time to plan it properly to ensure success.

42. In *Sustainable Farming and our Land*, we proposed having Sustainable Land Management (SLM) as an objective for the new scheme. SLM is an internationally recognised concept and aligns with a number of aspects of the *Well-being of Future Generations Act*. The concept looks to the long term. It asserts while land should be used for the production of food its crucial farming practices do not compromise the land's long-term productive potential. To help attain the SLM objective, the new scheme has proposed a number of high-level outcomes which farmers and other land managers can deliver on their farm. There are environmental, social and economic outcomes, which include sustainable food, tackling the climate emergency and decarbonisation.
43. Improved management of our water environment is a Programme for Government 2016-2021 objective and a commitment in the national Water Strategy. Sustainable Drainage Systems, known by the acronym SuDS, describes an approach for the management of surface water. From 7 January 2019, it has been a requirement that all new developments in Wales of more than 1 house or where the construction area is 100 square metres or more, require SuDS for surface water. Implementing SuDS is especially relevant to cross-cutting objectives and strategies. It will help deliver Well-being Objectives for sustainable resilient infrastructure and nature based solutions, as prioritised in the Natural Resources Policy and Prosperity for All, through supporting sustainable, healthy and active communities and promoting green growth for a more resource efficient economy.
44. Activities such as raising flood awareness and construction of flood and coastal erosion schemes are proven to have a positive effect on the health of communities, through reduction in anxiety and mental health issues plus offering new opportunities for amenity, access and recreation. For example, our £16m Colwyn Bay scheme reduced the risk of flooding and coastal erosion to 192 properties with the added benefit of regenerating the area through providing tourism amenities, including a new water sports centre, and the creation of new jobs for the town alongside.
45. Finally, Natural Resources Wales have published their Well-being Statement, setting out seven well-being objectives. These well-being objectives have formed the basis of their Corporate Report for 2017-2022. NRW's priorities will be to develop their organisation and change how they work – adopting the sustainable management of natural resources and its associated principles and the five ways of working from the Well-being of Future Generations (Wales) Act.

Link to NRW Corporate Plan. - <https://naturalresourceswales.gov.uk/about-us/corporate-information/wellbeing-objectives/introduction-to-corporate-plan/?lang=en>

Evidence Based Policy Making

46. 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).
47. 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. It also delivers a strategic function, helping us to understand long term drivers, climate change for example, and impacts of change on the resilience of the environment, the benefits and public goods provided by our environment and broader social and economic impacts.
48. 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.
49. Key challenges for establishing the National Forest include land availability, incentivising planting, securing multiple benefits, understanding trade-offs and avoiding unintended consequences. Evidence generated by the ERAMMP can help overcome these.
50. 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.
51. For example, as part of the RDP, a system of ongoing evaluation is in place to examine the progress of the measures and activities against the objectives and outcomes, and this has taken the form of Scheme level evaluations which includes independent review of the Sustainable Management Scheme, Farming Connect, Farm Business Grant and the Sustainable Production Grant. The Programme Monitoring Committee (PMC) receive regular reports providing updates on ongoing evaluation activities and progress against the Monitoring and Evaluation Strategy for ESI funds in Wales.
52. 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.

53. In addition, stand-alone studies such as the Future Flooding in Wales report and the Wales Coastal Review help to clearly set out the need for sustained investment and the increasing risks associated with flooding and climate change.
54. 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.

Impacts on Equality, Welsh Language and Children's Rights

55. 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.
56. I am pleased to note my portfolio hasn't been allocated any budget reductions in this draft budget, and so any impact assessments were carried out on a number of new budget and policy initiatives.
57. The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.

Welsh Language

58. 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.

59. 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

60. 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.

61. 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.

62. 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.

Natural Resources Wales

Table 6. NRW Budget Comparison

NRW Budget	2019-20 1st Supp £m		2020-21 Draft £m	Change in Budget £m
Revenue GIA*	59.263		59.033	(0.230)
Capital GIA	0.966**		1.216	0.250
Flood Capital***	12.700		12.700	0.000
Flood Revenue***	19.750		19.750	0.000
Total	92.679		92.699	0.020

* NRW Grant in Aid BEL 2451 (Does not include Non Cash Budgets)

** Capital GIA 2019/20 is using the 2020/21 opening Baseline as agreed at 2018/19.

***Flood funding to be agreed and is part of BEL 2230

63. The NRW budget for 2020/21 has minor changes when compared to the 2019-20 1st Supplementary Budget. The reduction of £0.230m revenue is due to changes in the Non recurrent EU Transition funding awarded during 2019-20, and a recurrent Intra MEG movement of £0.2m to Bel 2191 Local

Environment Quality, and as this is a budget alignment, it does not impact on the direct funding to NRW. The increase in Capital funding is due to an award 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 2020-21.

64. In this budget we are maintaining the Welsh Government GIA funding available to Natural Resources Wales, at £60m (£93m including flood and water management funding). 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. They are tasked to produce detailed Area Statements and the next State of our Natural Resources Report, which is due for publication during 2020. These are shared resources to enable us to identify the best opportunities we have for expanding woodlands, peatlands and other important habitats.
65. 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. The UK will be on the world stage in the United Nations Conference of the Parties (COP26) in Glasgow in 2020. With NRW at the forefront, delivering actions across multiple sectors aims to ensure Wales' environment will be more resilient to climate change impacts.
66. NRW has a pivotal role in supporting the transition to renewable energy, especially through the Area Statements. NRW has already made progress in developing proportionate consenting of energy applications. They will build on this work to develop a positive and enabling approach to renewable energy development, on and offshore.
67. 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.
68. 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 will work with my officials in the creation of the National Forest.
69. NRW will also be expected to work with my officials to develop an Environmental Growth Plan, by autumn 2020. This will include links to the Area Statements, community engagement and NRW's vision for 2050. NRW must utilise the considerable resources made available to it in 2020-

21 and work with other organisations, to deliver tangible outputs to grow nature. I am keen the people of Wales see environmental growth on their doorsteps. NRW has an important role in supporting communities across Wales in developing and delivering this.

Withdrawal from the European Union

70. Brexit has been at the top of my portfolio's priorities for over three years now. As I have said on a number of occasions, exiting the EU without a deal would have an immediate and long term catastrophic impact on rural communities. I am confident we have done and continue to do everything under our control to mitigate the impacts of any no deal.
71. However, at the time of submission of this evidence paper, there remains uncertainty over the result of election and future direction of Brexit. Over 7,000 functions will be returning to the Welsh Government from Brussels – the majority of those in relation to agriculture and the environment. It is therefore, vital I must have to plan for all contingencies and be prepared.
72. My portfolio currently has a suite of Brexit Preparedness projects in operation (74), a significant number of which are being carried out on a UK-wide basis. I have been tracking progress on these regularly and reporting, with my colleagues, to the First Minister's Cabinet Sub Committee on EU Exit.
73. The majority of no deal preparation projects were on track for a 31st October exit. Officials will continue to work closely with Defra and other UK administrations to finalise the remaining projects, should they be needed in January. We continue to apply pressure to the UK Government for clarity on the extent of additional budget that will be made available to help manage a 'No Deal' outcome
74. The projects cover a range of sectors and needs including establishing new regulatory and operational systems as well as contingency planning. The systems developed would provide a functional, baseline system, which could be operational on day 1.
75. There are also many projects underway which impact whether we leave with or without a deal including establishing positions on future UK-wide governance arrangement and future policy such as in the areas of trade, environment, land management and marine and fisheries.
76. We have also developed contingency plans for sectors across my portfolio and tested them to ensure appropriate mitigating measures are in place for day one, including sheep, fisheries, water and food, in collaboration with administrations across the UK. These will continue to be kept under review as the leaving date changes to take into account the seasonal implications.

Future Funding for Agriculture Support

77. The manner of the UK's withdrawal from the European Union (EU) and the future economic relationship are far from decided. This particularly applies to the terms of any Withdrawal Agreement. Resolution of these issues will determine how long the UK stays within different parts of the Common Agricultural Policy (CAP) and, therefore, when it is possible to start moving to different arrangements. Once funding is returned, we will ensure funds are directed at farming, forestry and other land management support, and not spent elsewhere.
78. We will continue to work jointly with our stakeholders, across and within sectors, to understand the implications of Brexit and how we might, collectively, address them. We are engaged in UK wide discussion on future frameworks to ensure a clear voice for Wales and to ensure Wales is a key part of UK positioning. Complexities include having to consider the 'no deal' and 'negotiated exit' scenarios; a HMT review of the definition of 'Farm Support' and recent HMT draft guidance proposing how the UK Government funding guarantee and Conservative manifesto commitments are expected to be implemented, through to 2022.
79. When more is known about the future budget, we will need to decide how to distribute funding between the different elements of support. In particular, we will need to decide:
- the appropriate balance between funding for farmers, foresters and other land managers in the Sustainable Farming Scheme and support for the wider industry and supply chain and;
 - which elements of the Rural Development Programme should be incorporated into new support arrangements.

New Land Management Programme

80. The consultation for "Sustainable Farming and our Land" (SFaOL) closed on 30 October. We received over 500 substantive responses and nearly 3,000 campaign responses. My officials are currently considering all consultation responses received and a full summary will be published in due course.
81. The potential disruption caused by a no deal Brexit could last a considerable time. We cannot afford to wait until an undefined date in the future before we start considering what support we need to devise for Welsh farmers.
82. We want to provide as much clarity on the future for the Welsh farming sector in these uncertain times. Whilst we cannot be certain of the Brexit outcome, it is right we consult and develop our long-term proposals for future support. Many of the proposals in the consultation are largely unaffected by the outcome of Brexit.

83. Once more is known about future trade deals and budget allocation from UK Government, along with the results of the SFaol consultation and co-design, we will be able to progress the modelling required before this consultation process can be concluded and new support arrangements put in place. It remains our intention to bring forward a White Paper for an Agriculture (Wales) Bill before the end of this Assembly Term.

Rural Development Programme

84. The RDP provides much needed investment in our environment, farming and rural communities. This includes investment in managing our ecosystems, efficient energy use and greenhouse gas reduction. It provides Wales-wide coverage that aligns the EU priorities for rural development with the seven 'Well-being of Future Generations' goals. The RDP has agriculture at its heart.

85. The RDP continues to make good progress since its approval on 26th May 2015. At a project level a total of £666.9m funds have been committed, representing 81% of Programme funds. Plans are in place to achieve full commitment of the programme by the end of 2020. It's important to remember whilst the RDP is a seven year programme, spend takes place over a ten year period under the "N+3" rules. The EU's second spend target in December 2019 is €247m and the Welsh Government achieved this well ahead of schedule in early 2019.

Post Brexit Food and Drink Strategy

86. In the short term we have already taken action to secure our position, including negotiating and consulting on a new UK Geographical Indication (GI) Scheme to commence as soon as the UK leaves the EU. The new UK GI schemes proposed in this consultation would bring automatic protection for UK products registered under the existing EU GI schemes. In addition, we are seeking to ensure that UK GIs registered under the EU schemes will continue to enjoy protections in the EU, however this is subject to ongoing negotiations.

87. The Food and Drink Wales Industry Board and WG have consulted on proposals for a strategic plan for the sector to follow on from the current action plan, and that we are considering responses to that. A crucial factor for success is to strengthen networks and clusters throughout the agri-food supply chain, branching into the service, retail, and tourism sectors, and through this adding value and making our system more resilient.

88. In direct response to the significant challenge the Welsh red meat industry faces with the uncertainty of future trading arrangements post Brexit, we are investing £1.5m over three years for Hybu Cig Cymru (HCC) to deliver an Enhanced Export Programme to support the industry to maintain key markets in Europe, as well as developing market access further afield. Since the start of the programme, restrictions have been lifted on importing British beef and lamb to Japan and British beef to China, paving the way

for increasing exports of our quality products from Wales to these key markets.

89. On 4 November, I announced our next 'premier' food and drink industry event (Blas Cymru/Taste Wales) will take place on 10 and 11 March 2021 at the International Convention Centre (ICC) Wales. The event will build on the successes of the previous events in 2017 and 2019, bringing national and international buyers and Welsh food and drink producers together to showcase our world class produce and help open new markets and international trade deals. The event will further establish the Welsh food and drink industry on the global stage and promote Wales as a key location for quality food and drink production. 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, despite Brexit.

Future Fisheries Policy

90. We are committed to developing a Future Fisheries Policy in collaboration with stakeholders, as we exit the European Union in line with our Prosperity for All commitment. I consulted over the summer through the Brexit and Our Seas consultation, the first stage in a longer conversation about the future of the fishing industry in Wales. 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.
91. The UK Fisheries Bill fell following prorogation. As a result of its inclusion in the Queens Speech we await the introduction of a UK Bill, however, following the announcement of a UK General Election timelines for this remain unclear. We will consider the budgetary implication of the UK Fisheries Bill once a draft has been shared.

New Environmental Governance Body

92. Our consultation paper on Environmental Principles and Governance Post European Union Exit ran from 18 March to 9 June 2019 and we published the summary of responses report on 13 September. In my written statement of 17 July I stated my intention to establish an Environmental Governance Stakeholder Task Group to assist in the design of post-Brexit environmental governance arrangements as covered in the consultation document.
93. This group is currently considering the different types of models, including the form and functions, which would provide an effective, proportionate and appropriate governance system for Wales. As this Task Group will be submitting a report on its recommendations in early 2020, at present no definite type of environmental governance model has yet been recommended.

94. This is a complex area of work which requires detailed analysis to ensure any proposals which are submitted are an appropriate fit for Wales. As such, when a preferred model has been identified, a thorough options appraisal, including financial implications will be undertaken, which will include an assessment of the associated costs of the recommendations and the different types of options presented by the Task Group.
95. If a withdrawal agreement is reached between the UK and the EU, the existing EU governance structures will remain in place during any transition period and we will not need to put in place any interim governance measures. However, due to the continuing uncertainties, it is still pragmatic for us to prepare for a no deal scenario.
96. If the interim measures have to be activated, guidance will be provided to citizens to assist them with who and on what a complaint can be issued, this will be to help address any potential duplication of complaints and therefore potential costs on other public bodies. Further work is on-going on the additional interim measures required, which may be required including the costing and timescales and further information can be provided in due course, should a no deal scenario be likely.
97. Brexit continues to present significant challenges to us, particularly on the need for resources to deliver the plethora of policy and operational impacts of Brexit. There are a range of possible future Brexit scenarios, each with different implications for Welsh Government staffing. We have developed, and continue to modify, approaches to managing these different challenges. To date, my department has taken on over 80 staff on fix term appointments to help us manage the increased work and are considering how we continue to benefit from their input. The Permanent Secretary and Executive Board continues to assess staffing levels across the Welsh Government.

Legislation

UK Environment Bill

98. In light of the UK General Election and the suspension of Parliament, the UK Environment Bill has now fallen. As it stood prior to it falling, the Bill's environmental governance provisions related to England and to reserved areas, as the approach had been designed to address the specific gaps as they applied in England. As such this aspect of the Bill bore no financial implementation costs on Wales.
99. We await the outcome of the General Election and will need to reassess the UK Bill once it has been reintroduced to determine whether the Bill remains in effect the same. We were however working with the UK Government and the other devolved administrations on how we could cooperate in a number of areas to address any gaps, which may arise at a UK-wide level. As this was a work in progress, there were no financial

implementation costs to consider at this point in time. In any introduced Bill we will need to ensure the progress made to ensure the UK Bill respects the devolution settlement is not lost.

100. Powers for Welsh Ministers were taken in the Bill in relation to policy areas such as waste, water, flood, litter, chemicals, single use items, air quality, and extended producer responsibility. In the event of the Bill being reintroduced we will need to consider the implications on these powers. Any financial implications for these powers will be detailed in impact assessments, which accompany any subsequent secondary legislation.
101. There are areas requiring action whilst we remain part of the EU such as ensuring we comply with the recently adopted EU Single-Use Plastics Directive. Without taking such powers in UK legislation, we would run the risk of non-compliance with EU legislation whilst we remain a Member State. There are areas of the UK Bill where the National Assembly for Wales does not have the sole ability to legislate and so the UK Bill offers a viable legislative vehicle.

Specific Areas of Interest for Committee

Air quality, including the take up of the Air Quality fund, the implementation of the Clean Air plan and the establishment of the Air Quality Monitoring and Assessment Centre for Wales

102. The Clean Air Plan (CAP) will include measures to tackle the contribution to poor air quality made by industry in key sectors across Wales and will have a focus on those areas facing particular challenges. The Air Quality Fund (AQF) is being used to support the implementation of local authority measures to deliver compliance with Nitrogen Oxide (NO₂) limit values. In this draft budget, and as a consequence of the funding from the UK, I have allocated an additional £14.3m capital fund which will primarily be used to provide on-going support, guidance and finance to enable Cardiff Council (and Caerphilly County Borough Council) to take action to achieve compliance in the shortest possible time.
103. Costs associated with the implementation of any new actions arising from the Clean Air Plan are not known at this stage. The CAP is due to be consulted on shortly and is expected to close early 2020. Budgetary decisions will be made following consultation. Proposals for an Air Quality Monitoring and Assessment Centre for Wales refer to work underway to develop an enhanced evidence capability for Wales. The aim of this work stream is to provide a resource to inform and drive co-ordinated action to reduce airborne pollution and to maximise opportunities for health and environmental improvement. Options for an organisational structure are being considered and preparatory work to inform this project is underway. Spend on the centre in the coming funding period is unclear at this stage but it is not likely that much spend will be incurred until after 2020-21.

104. A recent review undertaken by the Welsh Government Energy Service (particularly the work of Energy Savings Trust ultra-low emission vehicle experts) has highlighted the considerable impact of Refuse Collection Vehicles (RCV's) in the Public Sector

105. The aim of the review was to establish the carbon and energy use associated with the operation of public sector transport in Gwent and identify the opportunities to use Ultra Low Emission Vehicles. Their ambitious proposal if practicable is to increase the proportion of Ultra Low Emission Vehicles to 100% by 2030.

Implementation of the Welsh Government's new fuel poverty strategy

106. To facilitate consideration of recommendations made by the Wales Audit Office in its landscape review of Fuel Poverty published in October and to avoid consultation during the UK General Election, I expect the consultation on the new plan to tackle Fuel Poverty to begin in January.

107. The primary purpose of the plan to tackle Fuel Poverty is to set the strategic direction up to 2035. It will be underpinned by delivery or activity plans which will be costed and scalable in line with budgets and opportunities available at that time. The draft plan to tackle Fuel Poverty consultation document proposes new actions, which contribute to the Welsh Government's wider objectives to tackle poverty, prevent avoidable ill health and premature death from living in a cold home and decarbonisation.

108. The Warm Homes Programme Nest and Arbed Schemes will continue to deliver advice and home energy efficiency improvements in 2020/21.

Implementation of the recommendations of the "Better Homes, Better Wales, Better World" report

109. 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.

110. 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)

111. I previously stated that 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

post- EU Exit is in progress. We are currently in discussions with UK Government to ensure that this funding will continue post EU Exit. In view of this I have allocated £1.5m to mitigate the reduction in anticipated EU income (irrespective of Brexit) and £0.75m towards increased pressure on my Slaughter compensation budget.

112. 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.
113. 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. A Delivery Plan allows for greater flexibility and enables the Programme to adapt to the changing situation on the ground. This agile way of working allows us to be reactive to new and emerging information about the disease picture and enables the swift inclusion of enhancements to reflect the latest science and learning.

Implementation of the Woodlands for Wales Strategy

114. Our Woodland for Wales Strategy sets out the diverse range of benefits offered by conifer and broadleaf woodlands towards multiple environmental, social and economic outcomes. In order to respond to our declaration of a climate change state of emergency, we need to rapidly increase the forest cover in Wales. It is the key way we will be able to mitigate climate change through carbon sequestration. This needs to be done in balance with other important natural resources such as habitat, landscape and water quality in order to maximise the economic and environmental benefits of expanding our woodland cover in Wales. Healthy and diverse woodlands also require good woodland management, which remains an integral core component of our Woodlands for Wales Strategy.
115. The First Minister's manifesto commitment for a National Forest Programme will help support the aims of our Woodlands for Wales Strategy. This includes delivering key priorities relating to biodiversity, commercial forestry, and timber in construction, community cohesion and regeneration, underpinning our commitments for our future generations. Trees and woodlands are part of our living natural heritage and recognition towards their importance is steadily growing. Within the changing political landscape of Brexit, we need to continue to support the delivery of multiple and collaborative benefits for dynamic and resilient forests and woodlands in Wales.

Nitrate Vulnerable Zone management (NVZ)

116. 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 designated Nitrate Vulnerable Zones (NVZs) for advice and guidance on the regulatory requirements. The contract is also used to review and assess the effectiveness of the NVZ Action Programme and provide advice on measures to address agricultural pollution.
117. The NVZ helpline assists farmers in NVZs to comply with the regulations and, therefore, achieve the objectives of the approach to reduce nitrate pollution of watercourses. It is a statutory duty for the Welsh Government to review its implementation of the Nitrates Directive every 4 years and this budget is used to undertake such reviews. This budget is also used to inform policy on agricultural pollution issues across Wales, in related areas, such as the implementation of the Water Framework Directive and National Emission Ceilings Directive. The budgets of Bel 2865 and 2864 have been merged to better align the budgets and costs of the above services.

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

118. 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.
119. Our draft National Strategy sets out how we intend to manage the risks from flooding and coastal erosion across Wales, it also highlights the need for closer collaborative working and wider catchment approaches to reduce risk.
120. Consultation on the National Strategy for Flood and Coastal Erosion Risk Management closed on 16th September. We will issue a summary of responses later this year, with a view to publishing our new Strategy later in 2020. The document has already benefitted from over a year of consultation, feedback and workshops.
121. In Wales we continue to spend more per capita than England on flood and coastal risk management. Over the last 5 years, in Wales we spent an average of £17.19 per capita compared with £14.05 per capita in England over the same period. We continue to prioritise our flood and coastal risk management work with a healthy programme of activity across Wales through Local Authorities and NRW. Over £350m (total capital and

revenue) will be spent on flood and coastal erosion risk management during this Assembly term.

122. The Flood and Coastal Erosion Committee is now fully established. It is an advisory body, providing advice on all aspects of flood and coastal risk management in Wales, and supports Welsh Ministers and all Welsh Risk Management Authorities. It's inaugural Committee meeting was held on 4 June in Cardiff with a second meeting in Llandudno on 10 September
123. The first **Coastal Risk Management Programme** schemes are entering construction this year. The first corresponding revenue payments to support Local Authorities innovative borrowing repayments was made during 2019-20. We will see significantly more schemes starting construction during 2020-21, and revenue funding of £2.6m is included to support payments to these schemes. We have 24 schemes currently in the Coastal Risk Management Programme, taking up the full £150 million allocation. Subject to all completing, they will reduce risk to over 18,000 properties.

The licensing regime for Animal Exhibits

124. The Animal Welfare (Licensing of Animal Exhibits) (Wales) Regulations 2020 will provide a licensing scheme for certain 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.
125. The local authorities will be responsible for enforcement of the Regulations - Under section 30 of the 2006 Act, local authorities may prosecute for any offence under the Act. Welsh Government will not make any funds available to implement or run the licensing scheme. Animal exhibits in Wales are currently unlicensed and only some will be registered under the Performing Animals (Regulation) Act 1925, so there will be an increased need for enforcement action (as a minimum, routine inspections as required in the legislation).
126. There will be a requirement to appoint one or more suitably qualified inspectors to inspect any premises and travel equipment linked to the licensable activity to determine whether or not to grant, suspend, revoke or renew a licence. This could lead to an increased financial and staff resource. However, local authorities will have the opportunity to allow for anticipated costs of registration, inspection and enforcement by charging a fee for the issue of a licence (regulation 14

Banning third party sales of puppies and kittens.

127. A twelve week public consultation on the Banning of Third Party Sales of Puppies and Kittens launched on 19 February 2019 and closed on 17 May 2019. The consultation was published on the Welsh Government website and publicised in newsletters and via various social media platforms. The consultation looked at evidence on what stage the government should intervene in large scale dog breeding premises and address concerns about animal welfare at point of sale. The consultation has shown widespread support for banning third party sales of puppies and kittens. However, this is seen as only one of the steps necessary to improve the welfare of dogs and cats at breeding premises.

128. In relation to development of the Welsh Ministers' policy approach to third party sales of puppies and kittens, after evaluating the evidence in support of and against the proposition that third party sales of puppies and kittens gives rise to poor welfare, consideration will be given by officials to a range of options should the evidence support action being taken to ban or regulate the sale by third parties of puppies and kittens. Each option will be evaluated against the 'do nothing' option as well as the option of voluntary action being taken by breeders and third party sellers.

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

129. Although this is not within the remit of my portfolio, (resides within the portfolio of the Minister of Housing and Local Government) the Welsh Government welcomes the ambitious approach taken in the European Union's Single Use Plastic Directive and is committed to implementing the wide range of measures aimed at reducing the environmental impacts of littered plastic. Work is currently underway to enable the introduction of regulations that will ban or restrict a number of commonly littered single use plastics in Wales.

130. 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. The European Commission's Circular Economy Package includes revised proposals for the introduction of minimum operating conditions for Extended Producer Responsibility. It proposes that financial contributions paid by producers to comply with its extended producer responsibility obligations should cover the entire cost of waste management for the products it puts on the market, including all the costs of separate collection, sorting and treatment operations.

Lesley Griffiths
Cabinet Secretary for Energy, Planning and Rural Affairs

Annex

Draft budget 2020-2021

Draft Budget BEL tables are in the link below.

To view the draft budget, click on [Restated budget expenditure lines](#) which opens in Excel, and then click on the BEL Table tab.