# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Publication of Basic Payment Scheme (BPS) financial budget ceiling for 2024 and BPS 2023 balance payments** |
| **DATE** | **19 December 2023** |
| **BY** | **Lesley Griffiths MS, Minister for Rural Affairs and North Wales, and Trefnydd** |

I wish to update Members of the Senedd on the final year of BPS payments before the opening of the new Sustainable Farming Scheme (SFS).

A new farm support system will be designed for our Welsh context and will help farmers to play their part in protecting Wales against the impacts of the climate and nature emergencies. The direct financial support for farmers this year will help to enable a fair and rapid transition to new forms of farm support in subsequent years.

More than 97% of claimants have received their full or balance BPS 2023 payment.  Over 15,800 Welsh farm businesses have received payments worth £71.2m, in addition to £160m paid as BPS advance payments since 12 October.  My officials will continue to work hard to process the outstanding BPS 2023 claims as soon as possible.  I expect all but the most complex cases to be completed by 30 June 2024.

Today, I can also confirm a total budget of £238 million to provide direct payments to farmers in 2024 at the same level provided over the past four years.  This has been secured despite the reductions in farm support funding from the UK Government over recent years.  Subject to Wales receiving fair funding arrangements from the UK Government from the end of the current spending review period, the 2024 payment of BPS will serve as the index on which payments made during the transition to the SFS will be based.

We have protected the BPS budget at £238m for 2024, the same level as 2023, as we had planned.  As the transition to life outside the EU, and beyond BPS, continues, the agriculture sector is undergoing significant changes.  Support from the Welsh Government will be focused on helping farmers to produce food in line with our sustainable land management objectives.  Our support will help farmers and the supply chain to strengthen the resilience of food production in Wales, economically, socially and environmentally.  We live in uncertain and challenging times, however, we can be certain about the need for change and this Government’s steadfast commitment to supporting Welsh farmers to make it happen.

We have listened to farmers and their representatives about the importance of providing an element of stability in the last year before the introduction of SFS.  This is why I have prioritised maintaining the BPS ceiling at £238m for 2024.  Given the significant pressures across Welsh Government budgets, this was extremely challenging.

We will continue to support the sector in a managed transition away from BPS from next year onwards.  Unlike the UK Government has done in England, we will not open and close schemes at random.  In line with the announcement on BPS today, we will proceed in a predictable, reliable way to implement radical reform of farm support, for the benefit of Wales’ communities and natural environment.

After more than a decade of the UK Government’s policy of austerity, our funding settlement is not sufficient to respond to the extraordinary pressures Wales faces.  Following years of poor UK economic performance and the disastrous ‘mini-budget’ in 2022, the UK faces a cost of living crisis, high inflation and immense pressure on public services.  In this context, the Welsh Government budget is now worth £1.3bn less in real terms than when it was set in 2021.

The UK Government has repeatedly refused to review the farm funding methodology and replace, in full, as promised, the funding Wales would have received had we remained in the European Union.  In 2021, the UK Chancellor announced Wales would receive £243 million less for agricultural support over 3 years, compared to the funding anticipated if we had continued to participate in the EU Common Agricultural Policy programmes.

The continued failure of the UK Government to adjust funding levels to deal with rising costs, exacerbates the impact of their economic mismanagement on farmers in Wales.  These challenges underline the importance of the need to transition to a new system of farm support which is fairer and more effectively promotes sustainable food production, improving both business performance and environmental outcomes.

In making this Draft Budget, we have had to take incredibly difficult decisions, the starkest and most painful since devolution.  This has not been a year in which we have had positive choices to make about where we can target increased and additional investment.

We have radically reshaped our budget so we can focus funding on the services which matter most to the people of Wales, to invest more in the NHS and to protect the core Local Government settlement which, in turn, funds schools, social services, social care and other vital everyday services we rely on.

We have reshaped our budget in line with a set of guiding principles, to protect core, frontline public services as far as possible; to deliver the greatest benefit to households which are hardest hit; to prioritise jobs, wherever possible and to work, in partnership, with other public sector bodies to face this financial storm together.

Despite this context, I am pleased we have been able to deliver on our plan and protect the BPS 2024 budget.  We remain committed to supporting major changes to farming practice to secure the future of the sector and our natural heritage, as an example of how Welsh Ministers are doing everything we can, to put our public services, people, businesses and communities first.

This Statement is being issued during recess in order to keep Members informed. Should Members wish me to make a further statement or to answer questions on this when the Senedd returns, I would be happy to do so.