



## CCERA Committee Inquiry: Welsh Government Draft Budget Proposals for 2020-2021 January 2020

### Summary

Wales Environment Link (WEL) members have analysed this from an environmental perspective. The Draft Budget for 2020-2021 proposes £371m for the Environment, Energy & Rural Affairs MEG, which is a small increase of 0.7% from £369m from the 2019-20 Final Budget<sup>1</sup>. Whilst any increase is highly welcome, it's slightly disappointing in the context of the climate and ecological emergencies the Welsh Government has recognised and promised to take action on. However, we very much welcome the moves towards funding to restore our depleted ecosystems and biodiversity, including the £15m for enhancing the Natura 2000 network; the £4.5m for the National Forest and the £1m for peatland restoration.

### 1. Funding the climate and ecological emergencies

We highly commend and welcome the Welsh Government's recognition of the climate emergency, as well as the Environment Minister's acknowledgment that, in tandem, "*we do have a biodiversity crisis too*".<sup>2</sup> It is extremely important that the responses, and commensurate resources for both of these crises are fully considered (all too often the natural environment is neglected and the full focus is given to decarbonisation). We are delighted that the Budget Narrative includes a section specifically on biodiversity, outlining major capital investment in – amongst other things – our internationally important designated wildlife sites, peatland restoration, measures to tackle water quality, the national forest (whose measures include improving condition and connectivity of ancient woodlands), green infrastructure in towns and cities, local places for nature (via the Environmental Growth Fund) and improving integration of biodiversity in policy development, public procurement and wider estate management. All of these elements are essential for the delivery of the Welsh Government's welcome commitment to Environmental Growth. In supporting nature's recovery (and building the resilience of ecosystems), they will provide wider benefits including decarbonisation, water management and wider opportunities to enhance people's health and well-being.

It is critically important that these investments are sustained beyond the next financial year so that the delivery of these priorities becomes embedded for the long term. Budget commitments on a 3-5 year scale at least are required in order to ensure investments are well planned and spent. Capital spending is essential, but as stated below, revenue is also crucial for delivery of long term environmental restoration projects in order to ensure effective sustainable interventions. Particularly as the planet is now at crisis point, additional short-term pots won't make enough of a difference. The Environmental Growth agenda needs to secure a

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<sup>1</sup> Welsh Government, 2018. [Final Budget 2019-2020](#).

<sup>2</sup> National Assembly for Wales, 2019. [Plenary: Short debate, 5<sup>th</sup> June 2019](#).

wholesale change to the way the environment is prioritised, which needs to be reflected not only in the Environment, Energy and Rural Affairs MEG but also integrated within other MEGs. Stopping spending money on damaging activity is just as important as additional spend on restoration, rejuvenation and protection of nature.

The £1m for peatland restoration is noted as for the first year of a National Peatland Programme; this is an excellent initiative for carbon capture as well as for nature, and we would urge the Welsh Government to take this forward after piloting for the first year to ensure that valuable nature is protected from further decline. We also welcome the additional £7m from the Wales Infrastructure Investment Plan (WIIP) for the environment<sup>3</sup>, although it's not clear how this will be spent, other than the £4m for National Parks.

We note that, in contrast, while the Budget Improvement Plan is supposed to demonstrate a cross-cutting analysis of spending decisions' impact on climate change *and biodiversity*, it largely refers to planning around the 'Low Carbon Wales' plan and no other crucial documents on biodiversity like the State of Natural Resources Report (SoNaRR), which should provide the evidence for pinpointing the areas most in need of urgent restoration. We hope the biodiversity elements of this will be further improved for future years.

Whilst this has been badged as "*a budget for the future of our planet*"<sup>4</sup>, the increase to the Environment MEG is still only 0.7%. We appreciate the competing pressures the whole budget is under, but none should be more important than fighting for the future of the ecosystems that underpin all life. The other MEGS have had far larger increases and, whilst we agree that changes need to happen holistically across all budgets, we do not recognise sufficient realignment or collective responsibility around the environmental crises.

## **2. Changes from core funding to project funding**

WEL highlighted this in our response to the CCERA Committee last year<sup>5</sup> and we want to reiterate the difficulties the third sector faces when having fewer sources of core funding to apply for. We appreciate the hardship the public sector has faced in financing too, but last year's removal of the Environment & Sustainable Development core funding has meant that many NGOs – including WEL itself – found itself lacking any kind of long-term certainty. Staffing has suffered and existing capacity has been re-aligned to focus on finding alternative sources of funding.

The Enabling Natural Resources & Wellbeing (EnRaW) Grant is the closest replacement, but only geared towards project funding, which means that the collaborative policy and advocacy work WEL works on cannot be funded under it without significantly changing our operating model and risking not delivering on our members' priorities. Fundraising for core costs – such as rent, salaries and insurance – is time consuming and uses up capacity that would otherwise be spent on developing policy, nurturing relationships and building collaborative solutions with other organisations to improve the environment. The sector is reliant on staff retention and, when already a small operation, any loss of staff causes difficulties delivering our day to day work. Long term revenue is scarce, so contracts are often on a short-term basis, meaning expertise and investment in an organisation is lost as the staff are lost. A significant consultation process was undertaken

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<sup>3</sup> Welsh Government, 2019. [Written Statement: Second Capital Investment Package.](#)

<sup>4</sup> Welsh Government, 2019. [Press release: A budget for the future of our planet.](#)

<sup>5</sup> Wales Environment Link, 2018. [Response to CCERA Committee scrutiny of Welsh Gov Draft Budget for 2019-20.](#)

before the EnRaW Grant was finalised, but it doesn't seem like NGOs' feedback was taken on board or reflected in the final process; namely, that providing project funding alone excludes a lot of other valuable work.

### **3. Clarity on funding to help ease the Brexit transition**

A lot of WEL's work since 2016 has been focused on replacing EU frameworks, particularly new agricultural funding systems and marine management. We have found very little information in the public domain on the EU Transition Fund, which is unfortunate as a lot of vital policy development has been taking place without any recognition of its additional nature to 'usual' work. Public and private sector organisations have been able to benefit from this fund but very little has been provided to the third sector<sup>6</sup>. We would very much welcome additional transparency and scrutiny on this to help organisations to carry out this vital work, as we've found that funding windows aren't advertised externally and it makes it very difficult to know if and when we may be eligible.

Moreover, EU LIFE funding is one of the most important funding streams for biodiversity and the environment and is currently at risk with no news on its replacement. Such replacement needs to be over and above any settlement through the UK Shared Prosperity Fund as the LIFE programme was directly managed with the EU and not through the EU Structural Funds programmes for Wales.

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<sup>6</sup> Welsh Government, 2019. [Letter from Finance Minister to Assembly Members on the European Transition Fund.](#)

**Wales Environment Link (WEL)** is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales, most of whom have an all-Wales remit. WEL is a respected intermediary body connecting the government and the environmental NGO sector in Wales. Our vision is a healthy, sustainably managed environment and countryside with safeguarded heritage in which the people of Wales and future generations can prosper.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.



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