

Consultation response: Finance Committee's pre-budget scrutiny

November 2021

Summary

Wales Environment Link (WEL) is a network of environmental NGOs, each of which has a wide array of funding mechanisms, including membership fees; land management grants; grants from foundations; income from nature reserves and heritage properties; and various other innovative forms of fundraising.

The pandemic has undoubtedly affected the environment NGO sector, but we are still living within a nature and climate crisis, as COP26 has so emphasised. We've highlighted some areas that we think the Committee need to consider.

The climate and nature crises

The Committee questions pose: "to what extent alleviating climate change should be prioritised in supporting economic recovery." The premise that this is an 'additional extra' issue or an 'either/or' situation - where climate change is positioned as merely another problem that may impact on us, or 'hinder' an economic recovery - is still the key issue at the heart of every government. Ultimately, our answer to this question would simply be: if nature and climate aren't at the heart of our economic recovery strategy, and we don't restore our damaged ecosystems or reduce our carbon emissions, there will be no economy to recover and no planet where people can survive. This goes beyond just economics. Our economic future, as well as the wellbeing of our society, is entirely dependent on protecting and restoring our environment.

We also need to ensure we are tackling the nature and climate emergency as one. As highlighted in the recent joint IPBES/IPCC Biodiversity and Climate Change Report¹: *"Only by considering climate and biodiversity as parts of the same complex problem*

¹ IPBES-IPCC, 2021. [Workshop Report: Biodiversity and Climate Change.](#)

can solutions be developed that avoid maladaptation and maximize the beneficial outcomes". This underlines the critical importance of good planning, integrating nature's needs, for all infrastructure and placing much more emphasis on well designed nature based solutions.

It's extremely welcome that Welsh Government has changed its portfolios and policy direction with the new Department for Climate Change, with two Climate Change Ministers. Bringing in all the carbon intensive areas – including transport and energy – under the lens of climate change is also a forward-thinking way of approaching the environment. It recognises that all carbon-intensive areas have to put climate change first, and not the other way around. We support this and have already seen nature and climate have more focus in this Senedd term so far. We would ask that the Finance Committee takes the same approach; for example, asking the important questions on why a carbon-heavy policy may have been taken forward still, or why projects impacting negatively on nature are still funded, and putting that environment-first approach in their scrutiny too. Nature-positive policy needs to be as equally important as low carbon initiatives. It is possible to implement low-carbon activities which do not provide high nature returns, therefore not addressing the systemic nature of the crises we are currently facing. Commercial tree-planting, for example, could be low carbon but could also return little to no public or environmental benefit unless it is designed to bring in multiple benefits and that financial auditors are under the requirement to calculate additional benefits.

Nature-based solutions provide win-wins for climate, nature and better use of budgets across portfolios. In the long term, it absolutely saves money as well as our ecosystems. We hope that the new climate-first approach can take a more holistic view of all budget lines, for example, parts of the flooding budget could be re-purposed towards peatland restoration, as restored peat will better prevent flooding downstream, acting as a natural buffer by absorbing water and either slowing the flow or creating wetland habitats.

One of the biggest opportunities on the horizon is the anticipated launch of a new Sustainable Farming Scheme in 2025. In the transition period between now and 2025 there will be opportunities to support the farming community to move towards farming and land management practices that work with nature and reduce carbon. In

this budget, and budgets between now and 2025, we would expect to see funding for interventions that support a fair transition towards more sustainable practices so that farmers are supported to make changes, where necessary, and actions to tackle the climate and nature emergency are embedded as soon as possible.

Budget lines within the Ministry for Climate Change

Despite the Welsh Government saying they are embarking upon a green recovery, in last year's budget we did not notice any realignment to reflect this. This also needs to be reflected across all portfolios, not just the Climate Change one. Inclusion of budget improvements for nature within the Budget Improvement Plan could be a way of setting objectives and tracking progress towards this. Additional representation from eNGO sector on Budget Advisory Group would also help transparency and efficiencies across the budget as whole.

Although, as stated above, the new Ministry is very welcome, there may arise issues with disentangling some of the budget lines, since this will now be a much larger Main Expenditure Group (MEG) and it may be harder to see how much is truly being spent on biodiversity, for example. We hope the Committee will help in asking for vague budget lines to be broken down and explanations given for any new Budget Expenditure Lines (BELs).

For example, the Marine & Fisheries lines are often entwined and therefore makes it very difficult to identify what level of budget is being provided to, for instance, marine biodiversity or habitat restoration, compared to funds available for supporting the fishing industry. Breaking down these budget lines as simply as possible into specific areas would be helpful in identifying any change in resources made available to key areas of work e.g., conservation activities.

An increase to one MEG may still mean that one aspect is struggling. For example – to return to the marine area – in recent years, the Marine and Fisheries Division have struggled with staff capacity and securing resources. In the Welsh Government's 2021-22 draft budget, no additional funding was allocated to the Marine and Fisheries BEL, despite a £33 million net increase into the Environment MEG. This has, in turn, contributed to the lack of progress made in fulfilling their legal requirements, such as ensuring effective monitoring and management of Welsh sea fisheries and

maintaining and improving the conservation status of protected species and habitats within our existing MPA network. We need to be mindful and reassured – with as much transparency as possible – where increases have taken place or where investment has been prioritised within specific areas of work without being masked by a very broad budget line.

NRW grant funding

Recent data from Unchecked UK² has shown that NRW's funding has decreased in real terms by 35% between 2013 and 2020. Over a similar period we note that prosecutions on environmental offences have reduced by 61%, and there are increasing concerns about agriculture and water company pollution across Wales. Lack of capacity for robust monitoring programmes and management of protected sites is also a growing cause for concern. WEL members question whether NRW now has the resources to carry out its statutory duties effectively.

We note that Natural England is now receiving a 47% increase in Government funding after the Chair of Natural England stated³ to the Environmental Audit Committee that budget cuts had left the agency's funding "below the level required to deliver all of our statutory duties to a good standard". While the increase to Natural England's budget still leaves it with less funding than it received in 2008/09, it is at least some recognition that years of underinvestment must be reversed for agencies to be able to deliver their statutory duties.

Grant funding available through NRW has also been affected in recent years by short timescales, unclear processes and poor communication. We are working with NRW to provide input so that processes can be improved but, as with Welsh Government funding, longer timescales are crucial to the effective delivery of environmental projects.

Funding for eNGOs

The Covid pandemic has had a significant impact on WEL member organisations, irrespective of size. It included a loss of visitor-related income at sites due to lockdowns; a loss of community and supporting income. Targeted support through

² Unchecked UK, 2021. Report: [Safeguarding Standards – why Wales should lead the way.](#)

³ Natural England, 2020. [Further information from Natural England following evidence session.](#)

NRW in 2020/2021 helped some, but that has not been available this year. Rate relief provided through Welsh Government also helped. However, the lack of certainty due to annualised funding announced with short windows has been extremely challenging. A misbalance of capital and revenue funding has also left organisations unable to make the most of funding available. Core and capacity funding for the sector remains a critical issue if we are to develop and deliver ambitious plans that tackle the nature and climate emergency.

A recent [report by the Funding Centre](#), commissioned by WEL, shows that the environmental NGO sector is mainly supported by public donations and attracts the least government funding across England and Wales. It is a sector that needs more investment if it is to continue to contribute to tackling the nature and climate crises.

As we have said in previous years, NGOs are important delivery partners that can help the Welsh Government to deliver nature restoration, on both land and sea. To do this we need long-term funding that spans multiple years with a long-term strategy, alongside a recognition that capital funds alone will not cover the development and delivery costs of eNGO activities on a scale required to realise Wales' green recovery. Core funding is still lacking and is essential for policy and administrative consistency, retention of expertise, and to support project development capacity and collaborative working.

When it comes to capital funds, flexibility is particularly needed. As outlined to the last Committee, the Welsh Government launched a much reduced budget for Natura 2000 restoration through grant funding in July 2020⁴ – via the Sustainable Management Scheme - with £4m for 19 projects announced in late September and signed off at the end of October. Whilst much needed and welcomed, the short timeframe for spend and the timing of the year – i.e. funds that are only confirmed to an organisation in, say, November, but a project expected to be delivered by April, over a winter time when weather restricts the kind of work that can be done. As well as being a capital-only fund, it meant that the potential extent of improvements were significantly reduced and restricted. Long-term and multi-year funding to enable multiyear planning is critical in this area to see real impact.

⁴ Welsh Government, 2020. Press release: [£4m available for Natura 2000 sites to help Wales protect vital habitats and threatened species.](#)

We do, however, welcome the Natur Am Byth⁵ project, via the National Lottery Heritage Fund and supported by Welsh Government and Natural Resources Wales (NRW). Although only in the development stage so far, this is a great example of a large-scale, ambitious and species-focused project that incorporates restoration work both in our seas and on land, and will have real and tangible results. The Natur am Byth project also brings together funding for both capital spend and revenue, which is hugely beneficial to staffing costs.

Looking forward to 2022/2023 and beyond, it is critical that budget lines for environment programmes such as Nature Networks Programme – an extremely high priority for eNGOs who are delivering the improvements – are at the top end of expectations. eNGOs have been told it will be tens of millions over the years, but for such a vital and rare source of funding for restoration, we are very much hoping it will be more towards the £60m mark than the £45m, with nothing being confirmed publicly as of yet other than [this year's awards](#) (which total £4.1m).

A green and blue recovery

The Welsh Government and Natural Resources Wales began excellent work last year as part of their Green Recovery Taskforce. Many meetings took place and our members submitted ideas, as invited, to the Taskforce to explore in more depth. We expected there to be further exploration as this is an area with significant potential wins for both nature and budgets. For example, taking forward the still under-developed idea of green prescriptions could have huge benefits for NHS budgets, especially in the mental health arena, with preventative spending meaning that community wellbeing could be improved as well as demonstrating and prioritising the benefits of access to nature for all. Green tourism could also be further explored, with the opportunity that the 'staycation' provides for Wales's rural economy, those initiatives should be supported and developed, in line with a nature restoration approach.

It's not clear what the output of all this work has resulted in, other than the Green Recovery Capacity Building Scheme⁶. This was extremely welcome, especially when

⁵ Natural Resources Wales, 2021. Project: [Natur am byth! Saving Wales' threatened species.](#)

⁶ The National Lottery Heritage Fund, 2020. Funding: [Green Recovery Capacity Building Scheme.](#)

eNGOs were at their most precarious, but it is still a comparatively small amount of money. Compared to the £80 million offered in a similar scheme⁷ in England, only grants of £5,000 - £100,000 were available – insufficient when part of the purpose of the scheme was to develop “ambitious long-term plans”. Crucially, the funding was only available for a five month delivery window, limiting the impact of capacity building initiatives.

Whilst we understand the Welsh Government has less funds available, this demonstrates the real need for UK-wide cooperation on nature funding, and highlights the urgent need to replace the EU LIFE project on a UK basis. We have made presentations to the new Department for Levelling Up on this and advocated for a UK-wide fund to replace EU LIFE as part of the replacement of EU Structural Funds with the whole Shared Prosperity Fund and Levelling Up Prospectus.

Replacing EU LIFE funding

With the critical years to save nature being now, and the Sustainable Land Management Scheme not coming into play until 2025, recognition of the scale of funding required to tackle the climate and nature emergency is far greater than that provided currently, and is beyond the Welsh public purse. There needs to be a framework for Welsh Government to support and enable the development of robust and sustainable innovative finance models alongside a range of stakeholders.

We have made recent representations to the new Department for Levelling Up to use the Shared Prosperity Fund to replace EU LIFE funds, an overlooked part of replacing the spread of all EU funding Wales benefitted from. It was integral to eNGOs. Natural England’s assessment⁸ of its impact highlights that the UK was the most successful member state at applying for such funds and for a replacement UK fund, due to the *“lack of alternative funding sources of a similar scale or scope, particularly within the environment strand”*, but also recommends some streamlining in terms of the grant management process and clarity on performance metrics.

The fund has been a catalyst for substantial investment in Wales’ natural environment. Since its inception in 1992, 18 Nature and Biodiversity LIFE projects

⁷ UK Government, 2020. Press release: [£80m fund for green jobs and new national parks to kick start green recovery.](#)

⁸ Natural England, 2019. Report: [Evaluation of EU LIFE Fund in the UK.](#)

have taken place in Wales with a total value of over €65 million. This is estimated to have produced nearly £250 million in economic growth, and over £1 billion in ecosystem services. The loss of LIFE would not only threaten Welsh nature but may also put livelihoods at risk. Only The National Lottery Heritage Fund can provide something similar through match-funded projects, but nowhere near the same scale as the EU could, and we believe the UK Government would be well placed – and fulfilling its promise to replace all EU-related funding – to drive this forward across all four UK nations to tackle the shared nature and climate emergency.

The RSPB⁹ emphasises that many of their *“achievements in saving special places and reversing the loss of iconic species have only been possible thanks to LIFE funding, including projects to help Little Terns, Roseate Terns, Bitterns, Stone Curlew in the Brecks, Machair in Scotland, and work preventing the vital freshwater habitats at our Titchwell reserve from being destroyed by rising sea levels”*.

For example, one case study is the Celtic Rainforests LIFE project, where Snowdonia National Park Authority were awarded €9.5 million over seven years. It focuses on restoring a mosaic of two internationally important woodland habitats (regarded as the ‘temperate rainforests’ of Europe, owing to their open woodland structure, mild and humid conditions, and rich lower plant communities). These habitats are critical for biodiversity, as well as the benefits they provide to people – such as providing carbon storage, water management, and opportunities for recreation.

Another excellent initiative – unlikely to be funded by any scheme other than LIFE – was the Active Blanket Bog Project; between 2006 and 2011, it restored blanket bogs across areas of mid and north Wales. The project delivered significant and sustained improvement in the condition of over 8,000ha of blanket bogs in the Migneint-Arenig-Dduallt, and the Berwyn and South Clwyd Mountains Special Areas of Conservation (SACs), two of the most important SACs for blanket bog in the UK. In order to restore the blanket bog over 450kms of drains were blocked, 48ha of forestry plantation was taken out and 6472ha of invading non-native species were removed.

⁹ RSPB, 2019. Blog: [The Time is Now for Nature Funding](#).

We would implore Welsh Ministers to try and compensate for this through their own budgets, and to support our calls for this and to work with the UK Government and other devolved nations to work out a way to fully replace EU LIFE projects and urgently. Particularly in the run up to COP 15, and with the huge benefits LIFE projects brought to Wales, the Welsh Government would be well placed to lead the call for this. My one issue with this is this consultation is aimed at Senedd focusing on scrutiny of WG budget, with no power over UKSPF. We could suggest that WG needs to understand this and try to compensate through its own budget lines, or what they are more likely to say is, this is something for discussions with UK Gov and MPs not us

National Nature Service concept

One output of NRW's Green Recovery Taskforce work was clear, when a smaller group – led by the Food, Farming & Countryside Commission – took forward the National Nature Service concept. As RSPB¹⁰ outlines, a concerted focused effort on developing such a Service “could provide employment opportunities and help address [rural and coastal area] inequalities and establish a future focused greener workforce that addresses nature and climate needs.” Their report¹¹ outlines that it could create almost 7,000 full-time equivalent jobs in Wales, with knock on economic impacts such as boosts to tourism, as well as the broadly positive effect of a workforce trained in emerging areas of need. A formal proposal¹² has now been presented to the Deputy Minister for Climate Change and we strongly support this going ahead in pilot areas.

A National Nature Service that incorporates the opportunities our marine environment has to offer would also only further enhance the number of employment opportunities and boosts to both tourism and people's well-being. It could be a key vehicle to drive forward green and blue recovery and it's vital our seas are not left out of its development, particularly as Welsh Government has, only fairly recently, been given powers over of the offshore area, none of which are protected in the way some of our inshore areas are.

¹⁰ RSPB, 2021. Article: [What could a National Nature Service do for Wales?](#)

¹¹ RSPB Cymru, 2020. [Developing a Green Workforce in Wales - Estimating the Scale of the Need and Opportunity.](#)

¹² National Nature Service SubGroup, 2021. [Proposal on National Nature Service for Welsh Government.](#)

WEL wholly supports this and believes a National Nature Service (NNS) would be a practical and tangible way of training up the next generation in essential skills (that we'll continue to need for decades to come), providing entry-level jobs and bringing people together around work that will truly tackle the nature and climate emergency. We would very much like to see, at a minimum, a Welsh Government funded pilot to explore how this can be taken forward, with equal and demonstratable consideration made for both marine and terrestrial environments.

This should also fill vital skill shortages and ensure ecological literacy is embedded in all relevant sectors. Future generations will need to address even bigger nature problems and carbon reductions than we have now, with natural climate-influenced disasters rising and coastlines changing. We need to plan now for the skills they will need in the future.

A National Nature Service would be an excellent policy to coalesce around as a Wales-wide approach to green recovery from the pandemic. The Future Generations Commissioner¹³ has been calling for this, alongside many other stakeholders. This is extremely welcome.

No other outputs from the Taskforce are immediately apparent, but we would urge the Committee to follow up with Natural Resources Wales to see if other projects are emerging.

¹³ Future Generations Commissioner, 2021. Report: [‘A Fit for the Future Programme for Government’](#).

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

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.



Swyddfa Caerdydd
 Tramshed Tech
 Uned D, Stryd Pendyris Caerdydd CF11 6BH
 F: 07498 228066 | E: enquiry@waleslink.org
 Trydar: @WalesLink

Cardiff Office
 Tramshed Tech
 Unit D, Pendyris Street, Cardiff CF11 6BH
 T: 07498 228066 | E: enquiry@waleslink.org
 Twitter: @WalesLink

www.waleslink.org

Cadeirydd | Chair: Roger Thomas. Cyf-Gyfarwyddwyr | Joint Directors: Susan Evans and Karen Whitfield.
 Rhif Elusen Gofrestredig | Registered Charity Number: 1022675