

## RSPB Cymru Response Pre-Budget Scrutiny 2022-2023

*The Royal Society for the Protection of Birds is the UK's largest nature conservation charity, inspiring everyone to give nature a home. Together with our partners, we protect threatened birds and wildlife so our towns, coast and countryside will teem with life once again. We play a leading role in BirdLife International, a worldwide partnership of nature conservation organisations.*

### Summary

The Welsh Government has committed to “embed our response to the climate and nature emergency in everything we do”, recognising the threat that continuing loss of nature presents not only to species but to our economy and well-being.<sup>1</sup> Delivering on this objective must not be limited to considering how to **avoid or mitigate harm** to biodiversity in departmental priorities, but also how to **contribute to (and invest in) nature’s restoration and recovery**.

This will require a renewed approach to economic policy, investment decisions and assessment of economic performance. Achieving a **Green Recovery from Covid-19** in the long term will require significant shifts in public investment in nature and well-regulated frameworks to support private investment, to reverse biodiversity decline and secure benefits including nature-based solutions, at the pace and scale needed to address the **nature and climate emergency**.

We welcome the opportunity to respond to the Committee’s consultation on Welsh Government Draft Budget proposals for 2022-23. To reflect the nature emergency in its budgeting, the Welsh Government should:

1. Increase its investment in nature to reflect the pace and scale of action required to halt biodiversity decline and restore ecosystem services, and;
2. Integrate its response to the nature emergency across ministerial portfolios and government priorities to reflect the multiple ways in which nature supports well-being

Our response will set out **(1)** the public and private investment mechanisms for delivering these aims ([page 4](#)) and **(2)** the key areas for investment to restore Wales’ natural environment over the coming years ([page 6](#)), including:

- Nature Based Solutions
- National Nature Service for Wales
- Capacity to delivery nature’s recovery
- Protected Sites Network as part of sustainable land and marine management approaches
- Strategic species recovery

<sup>1</sup> Welsh Government 2021, [Programme for Government](#)

### 1. What, in your opinion, has been the impact of the Welsh Government's 2021-22 budget including funding related to COVID-19?

Natural Resources Wales, with a mandate from Welsh Government, convened a Green Recovery Task & Finish Group in 2020. The Green Recovery Capacity Building Scheme<sup>2</sup> that emerged from the group was very welcome, although it is worth noting that the money committed was comparatively small – less than £1 million in Wales compared to £80 million in England for a similar scheme<sup>3</sup>.

Last autumn, the Green Recovery Task & Finish Group received submissions on proposals that would help deliver a Green Recovery for Wales. However, the ambitions expressed in setting up the Group by both the Government and NRW have not been met by any financial commitment to deliver these proposals. One of these proposals was for a National Nature Service for Wales (see further information on page 8), which has the potential to bring benefits across portfolios. Work on this has been progressed by over 200 stakeholders, coordinated by the Food, Farming and Countryside Commission, and now needs commitment of Government resource to take forward.

### 3. How financially prepared is your organisation for the 2022-23 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?

Funding for nature has faced several issues, resulting in resources allocated often not having the most benefit and impact, despite the best efforts of the environmental NGO sector.

Firstly, nature's recovery cannot be achieved in a single year, but will require continuous commitment over decades. A system of annual funding is therefore ill-suited in enabling RSPB Cymru, and the wider sector, to deliver nature's recovery at the scale needed. Multi-year commitments are essential to ensure that projects committed to in the first year can be seen through and reap a significant return. Following the Comprehensive Spending Review, we hope and anticipate that this will be forthcoming in Welsh Government's budget.

Secondly, there is a seasonal element to nature conservation and restoration. The annual cycle of funding applications and announcements is ill-suited to this, as it can mean that funds are released too late in the year, and with too little time available to complete work. Improvements to funding timetables and processes are therefore also needed to enable maximum benefit to be secured from allocated budget within the timeframe.

In addition, the emphasis on capital with little or no revenue funding available has made it extremely challenging to effectively channel funds into nature's recovery and ongoing essential conservation work.

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<sup>2</sup> The National Lottery Heritage Fund, 2020. [Green Recovery Capacity Building Scheme](#).

<sup>3</sup> UK Government, 2020. Press Release: [£80m fund for green jobs and new national parks to kick start green recovery](#).

We would also like to highlight that, post Brexit, there remains uncertainty around whether funds will be made available to fill the gap left by EU LIFE. The LIFE Nature fund supported innovative nature conservation action in Wales and across the UK (including, since its inception in 1992, 18 projects in Wales with a total value over 65 million Euro, including over 36 million Euro of EU funds).

6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2022-23 budget?

We note that the Committee is considering to what extent alleviating climate change should be prioritised in supporting economic recovery. We urge the Committee to consider not only the challenge of tackling climate change, but also that of biodiversity loss. More than half the world's total GDP – \$44 trillion of economic value – is exposed to risks from nature loss.<sup>4</sup> In Wales, the 2020 State of Natural Resources Report showed an overall trend of “serious decline, reflecting the global situation and internationally recognised nature emergency”.<sup>5</sup>

As the landmark Dasgupta review pointed out, our economy is wholly dependent on nature. This has been recognised by the Senedd declaration of a nature emergency, and the Welsh Government’s commitment to “embed our response to the climate and nature emergency in everything we do”. The evidence is stark that tackling the nature and climate emergency in the present decade is critical to securing a liveable planet for future generations, and as such, must be a central strand of Wales’ economic recovery.

The 2021 Joint Report by the Intergovernmental Panel on Climate Change and the Intergovernmental Panel on Biodiversity and Ecosystem Services called for decision makers to consider climate and nature as part of the same complex problem, stating that only by doing so can “solutions be developed that avoid maladaptation and maximise the beneficial outcomes”. The joint report gives an explicit warning on actions aimed at reducing emissions contributing to biodiversity collapse, including through, the planting of forests to produce bioenergy, as well as the use of renewable energy creating large -scale land conversion or otherwise interfering with migratory birds and bats. The report outlines clearly that a “multi-criteria” approach – accounting for both impact on carbon emissions as well as biodiversity – is essential to future planning and management.<sup>6</sup>

We would like to note that the phrase “**build back better**” – also being considered by the Committee - is drawn from the Sendai Agreement on disaster relief that was adopted in the UN World Conference on Disaster Risk Reduction in Sendai, Japan in 2015.<sup>7</sup> In today’s context of the Covid-19 Pandemic, the OECD has encouraged governments to use “build back better” to respond to global environmental threats like climate change and biodiversity loss, and has warned of the significant

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<sup>4</sup> [World Economic Forum Global Risk Report](#)

<sup>5</sup> [State of Natural Resources Report](#)

<sup>6</sup> [IPBES and IPCC Joint Report 2021, Biodiversity and Climate Change](#)

<sup>7</sup> [Sendai Agreement](#)

social and economic risk of not addressing these issues as part of our recovery.<sup>8</sup> “Build back better” therefore signifies an acknowledgement of the need to tackle concurring crisis together, rather than subsequently.

In order to reflect the ambition of “building back better” from the Covid-19 pandemic, and to meet its delivering its ambitions to integrate the nature and climate emergency in everything that it does, it is essential that Welsh Government adequately budgets for nature’s recovery by increasing its net investment in nature to match the scale and pace of action required to halt biodiversity decline and restore ecosystem services. The following will outline **(1)** the public and private investment mechanisms for doing so below and **(2)** key opportunities for investment to restore Wales’ natural environment over the coming years.

## 1. Budgeting for Nature’s Recovery

We have welcomed the Welsh Government’s commitment to setting legally binding nature recovery targets. We are calling for a framework for nature recovery akin to the existing legal framework around our Net Zero targets, to elicit the necessary action across all government departments and across sectors, including through the budget.<sup>9</sup>

In recent years we have seen a welcome uplift in the budget allocation for designated sites, which Welsh Government policy recognises as fundamental to restoring the resilience of Wales’ ecosystems. We hope to see a further move in the coming budget, with multi-year funding through the Nature Networks programme for much needed action to improve the condition of our designated sites and the wider ecological networks they are a part of. It is vital that the allocation for this programme is at the top end of the £45-60m that has been suggested by Welsh Government and is a mix of both revenue as well as capital funds. This notwithstanding, it is clear that the anticipated funding is much lower than what is needed and there is a growing evidence base on the funding gap for nature.

- In 2015, an EU LIFE funded report published by NRW estimated that the actions needed to attain favourable conservation status of Wales’ Natura 2000 sites would cost £144 million to 2020 (a significant underestimate on real costs, as these costed actions do not include human resources to deliver on the ground).<sup>10</sup>
- A recent report commissioned by the RSPB, the National Trust and the Wildlife Trust estimates that £273 million per year is needed for environmental land management in

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<sup>8</sup> OECD, [Building Back Better: A sustainable, resilient recovery after Covid-19](#)

<sup>9</sup> This would involve headline targets in primary legislation to halt and begin to reverse biodiversity loss by 2030, and to achieve substantive recovery by 2050, backed by a detailed framework in secondary legislation of long term and interim targets. For more detail see our report [Putting Wales on a Path to Nature Recovery](#)

<sup>10</sup> [EU LIFE funded report published by NRW](#). This figure does not include staff time or ongoing, currently funded (at the time) management work.

Wales in order to meet multiple priorities for biodiversity, water, soil, landscape, heritage and a variety of ecosystem services.<sup>11</sup> This comprises £227 million for environmental land management actions and another £46m for additional elements (especially securing continued management of high nature value land vulnerable to subsidy removal).<sup>12</sup>

- A new analysis by the Green Finance Institute has estimated that a minimum financing requirement of £500m above current public commitments is needed to meet all of Wales' nature related outcomes.<sup>13</sup>

In addition to increasing public funding, financing nature's recovery will need to involve innovative approaches enabling private sector investment.

#### Innovative Funding: role of Government

We welcome Welsh Government's role in bringing together the sector through the Sustainable Funding Task and Finish Group, and the intention to procure consultancy support across 22/23 to advise on possible innovative funding models. Innovative funding mechanisms can provide new ways to leverage both public and private investment into nature, either:

- By creating new financial products in order to incentivise investment into Wales' natural resources, or;
- By leveraging funds and hypothecating them into these natural resources.

Welsh Government also need to play a critical enabling role to ensure this investment through conservation finance is regulated, well managed and supports nature restoration. In order to accelerate private investment into nature, we would welcome to see over the coming years:

- The development of a clear policy framework for private investment into nature, supported by comprehensive standards and market rules.
- Support for the development of business models for investing in nature, and;
- Defined pathways to secure private funding for nature<sup>14</sup>.

#### Investment Readiness Fund

Under the current policy frameworks, there remains an accepted risk of investing in nature' recovery. In order to enable private finance, more predictable revenue streams need to be generated. Payments for ecosystem services delivered by nature-based solutions, as outlined above, could have this potential.

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<sup>11</sup> Matt Rayment, 2019; [Paying for public goods from land management](#)

<sup>12</sup> £227m includes £120m action for priority habitats (i.e. woodlands, wetlands, heathlands, coastal habitats, grasslands) which includes capital investment in habitat creation and restoration (£70m) and annual maintenance of habitats (£50m). The other £107m includes actions for boundary features (hedges, walls), improved grasslands, arable land, historic environment, organic farming.

<sup>13</sup> Green Finance Institute, [The Finance Gap for Nature](#)

<sup>14</sup> FinanceEarth 2021, [Financing UK Nature Recovery](#)

There remains a certain amount of uncertainty about how government funding (for example, though land management schemes) can be complemented by private finance to deliver nature-based solutions. The biggest barrier is the need for an initial investment.

We are therefore asking for Welsh Government to also support the development of an Investment Readiness Fund. An Investment Readiness Fund will help shift away from the level or risk and uncertainty upon the environmental voluntary sector and help develop a more stable investment opportunities in nature-based solutions for private finance.

## 2. Key Areas for Investment

The following outlines our proposals for strategic investment areas to help address the nature crisis:

### Capacity to deliver nature's recovery

Natural Resources Wales is charged with the statutory purpose of maintaining and enhancing the resilience of Wales' ecosystems, but we are concerned it is not well enough resourced to deliver key functions. For example, it is deeply concerning that around 50% of terrestrial protected site features are in unknown condition as cuts have left NRW unable to monitor these most important places for nature<sup>15</sup>. Fewer than 6% of SSSIs have a management agreement in place involving NRW.

NRW has received a budget cut in real terms of 35% between 2013 and 2020<sup>16</sup>, with the majority of resources lost from nature conservation functions. We note that Natural England is now receiving a 47% increase in UK Government funding after the Chair of Natural England stated to the Westminster 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".<sup>17</sup> 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. To our knowledge, NRW has not made clear the extent to which its statutory functions are under-funded.

As discussed earlier in this submission, the funding environment for NGOs like RSPB Cymru is extremely challenging, and resources for nature in other public sector bodies such as Local Authorities are slim. We would encourage the Committee to explore this gap in the necessary public funding of capacity to deliver nature's recovery.

### Nature Based Solutions

A new RSPB report has shown the economic potential of restoring nature-based solutions at scale across the UK: every £1 invested in peatland, salt marsh and woodland secures £4.26, £2.48 and £2.79 of benefit in return respectively.<sup>18</sup> This analysis also demonstrates the significant income-

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<sup>15</sup> NRW, [Protected Sites Baseline Assessment 2020](#)

<sup>16</sup> Emma Rose, Unchecked UK 2021, [Safeguarding Standards – Why Wales should lead the way](#)

<sup>17</sup> Natural England 2020, [Written Evidence](#) to the Environmental Audit Select Committee

<sup>18</sup> RSPB report commissioned 2020. Cambridge Econometrics, [Economic costs and benefits of nature-based solutions to mitigate climate change](#)

generating opportunities from such investment. Moreover, the value of carbon sequestration in Wales has been estimated at £6.6 million, per year, with the value expected to increase significantly as carbon prices rise.<sup>19</sup>

Investment in carbon-rich habitats therefore provides a clear solution to addressing the climate crisis, while investment in green jobs to restore habitat provides new employment opportunities to respond to the immediate economic impact of the pandemic while providing a vehicle for long-term transformational change.<sup>20</sup>

#### Protected areas on land and at sea

Welsh Government policy is clear that our protected sites have a central role in reversing biodiversity decline and building more resilient ecosystems, and research has highlighted the benefits of investing in their condition.<sup>21</sup> As noted above, NRW has identified the cost of delivering the necessary actions to secure favourable conservation status of Wales' (terrestrial and marine) Natura 2000 sites (now known as the national site network) at £144 million.

Recent evidence published by NRW has found that both terrestrial and marine protected areas networks are in a parlous state, and also shone a spotlight on the lack of capacity in NRW for essential, systematic monitoring of these areas<sup>22</sup>. The Welsh Government's recent welcome commitment to support the international target to ensure that 30% of land and sea is protected and well managed for nature will require significant investment in bringing existing sites into favourable condition, in addition to identifying and securing protection for new areas.

#### Species Recovery

Our calculations estimate an annual need of £44m per year for widespread terrestrial species recovery in Wales.<sup>23</sup>

One key area to support species recovery in the marine environment is via a **Seabird Conservation Strategy**. A commitment to a long-term investment in biosecurity to ensure that seabirds are protected at their breeding colonies from invasive predators is a crucial element. The current

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<sup>19</sup> [Estimating the Carbon Sink Potential of the Welsh Marine Environment](#)

<sup>20</sup> See WEL paper, [Jobs for a Green and Just Recovery](#)

<sup>21</sup> For example: A report produced for DEFRA estimated the annual value of SSSIs in Wales at £128m, based on a public willingness to invest. Compared to the annual public spend on SSSIs of £10m in Wales at the time, this equated to every £1 in public spending returning a benefit of almost £13. The benefits of increasing funding to bring all SSSIs in Wales into favourable condition were estimated at £103m per annum.

<sup>22</sup> <https://naturalresources.wales/evidence-and-data/research-and-reports/protected-sites-baseline-assessment-2020/?lang=en> NRW's baseline assessment of terrestrial protected sites, published earlier this year, reported that it was only possible to assess condition for around half of Wales' site features, but of those assessed only 20% were considered in favourable condition.

NRW's 2018 indicative assessment of Marine Protected Areas found only 46% to be in a favourable condition.

<sup>23</sup> Matt Rayment, [Paying for Public Goods from Land Management](#). See 'Estimating the Scale' below. The estimate of £44m for widespread species recovery stated above is contained within the actions for 'arable and improved grassland', the overall figure of which also includes other arable and grassland actions for protection of this natural resource.

Biosecurity for LIFE project provides an existing and successful mechanism which could be incorporated into a longer-term strategy.

A Seabird Conservation Strategy would complement existing measures to protect and would support the completion of an ecologically coherent and well-managed network of protected sites to protect and recover Wales' marine wildlife. Ensuring that a Seabird Conservation Strategy is funded and deliverable would provide a foundation for strategic, dedicated action to reverse these negative trends, while continuing to protect those seabirds doing well in Wales to counteract losses elsewhere in the UK.

#### [A National Nature Service for Wales](#)

A recent RSPB paper has estimated that an investment in nature, where this provides opportunities across green jobs (including restoration and creation of priority habitats, nature-based tourism development plan, as well as creation of woodland and urban green spaces), could support almost 7,000 direct FTE jobs in Wales based on the nature related investments summarised above. Additional jobs would be created through supply chain and multiplier effects.

As set out in the attached report, an investment of £68 million per year for the next 10 years for the restoration and creation of priority habitats to meet our priorities for the natural environment and provide nature-based climate solutions. This investment alone could create 1000 new direct Green Jobs in habitat restoration and creation alone, with additional opportunities in the provision of advice to landowners and monitoring of habitats and species. With the right support, enhancing and restoring nature could create or support many more new jobs by enhancing opportunities for tourism and through multiplier effects.

RSPB Cymru and others have been calling for a Welsh Green Workforce or similar to be part of the recovery from Covid. We were delighted when Natural Resources Wales identified a National Nature Service<sup>24</sup> as a Priority One Action for a Green Recovery<sup>25</sup>, and over the past few months, have contributed to the Green Recovery Delivery Group's further development of proposals for a National Nature Service for Wales which will provide the very opportunities needed to enable a Green Recovery. We believe investing in Green Jobs and skills will be the driving force behind a Green Recovery.

In its proposal for a National Nature Service to Welsh Government, the Food Farming and Countryside Commission and the Future Generations Office have proposed an initial investment of £166,598 for a development team to help take the delivery process forward: This includes: 1 FTE Programme Manager @ £52,285 (including salary and on costs); 2 FTE Senior Officers @ £43,701 (including salary and on costs); and 1 FTE Project Support Officer @ £26,911 (including salary and on costs). Additional funding likely to be required to enable demonstrator activities (including the VRP demonstrator). Costs to be determined with relevant organisations. The work of the FCC and FGC rests on a wider stakeholder process of 150 participants, including RSPBCymru, and we support their proposal for delivery as set out to the Minister for Climate Change over the past months.

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<sup>24</sup> Food, Farming and Countryside Commission 2019, [Our Future in the Land Report](#)

<sup>25</sup> Natural Resources Wales 2020, [Green Recovery: Priorities for Action Report](#)

### Sustainable Marine Management

As noted above, the Wales National Marine Plan is inadequate as a framework to support development (including of renewable energy) in harmony with nature. Investment is urgently needed in the evidence base to support appropriate spatial allocations and development control policies. NRW's specialist role in advising on proposals for development and other sea use (e.g. on avoiding and mitigating impacts on nature) is also a key constraint.

### Sustainable Land Management

We support the proposal for the new Sustainable Farming Scheme (SFS) to enable farmers to restore nature and help tackle the nature and climate crisis, secure the environmental public good that this and future generations depend on, and to promote sustainable food production in supply chains. We do not support the retention of non-objective income support payments, as they don't guarantee value for public money, can result in negative environmental outcomes and, unlike agri-environment payments, are associated with a relatively large decrease in the stability of farm income, across most farm types.<sup>26</sup>

As outlined above, Wales requires £273 million invested per annum to meet environmental commitments through land management. This is an amount similar to what Welsh farming currently receive from existing support mechanisms. We believe that focussing taxpayers' money on securing environmental outcomes and promoting sustainable food production will provide a strong value for money argument for maintaining the existing rural budget for Wales at a time when public finance is coming under increased scrutiny.

For more information, please contact [REDACTED]

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<sup>26</sup> [Stability of farm income: The role of agricultural diversity and agri-environment scheme payments.](#) 2020. C. Harkness, F. J. Areal, M. A. Semenov, N. Senapati, I. F. Shield, J. Bishop