

Consultation response: Draft Budget 2022-2023 January 2022

Introduction

We appreciate that it's out of Welsh Government's control as to when the budget can be laid, due to the UK Government's timetables, but we should highlight that this response is only a surface analysis, as we haven't had enough time to dig into the detail. If this looks to continue to the case in the forthcoming years, there are concerns that stakeholders will only be able to perform scrutiny on the 'surface' of the budget as it is a complex piece of work, and what matters most are the intention behind the spending and whether actual outcomes address the climate and nature crisis.

Tackling the climate and nature crisis

Whilst we consider the climate and nature crisis as one – both sides of which should be given equal political priority and importance – tackling them does often require different mechanisms. Some actions can help both reduce carbon and restore nature, but to declare that there is £1.8bn set for “*Wales' response to the climate and nature emergency*”, when in reality, much of that appears to be to help reduce carbon and will not have any knock on effects to benefit nature. This isn't to criticise carbon-reducing areas of spend; this is very welcome and necessary, but it would be disingenuous and misleading to describe this much being put towards nature.

The Welsh Government's press release sets out that £160m of this is revenue, with the rest all amounting to capital investment. Again, whilst this is needed – and we welcome active travel, flooding prevention (nature-based, we hope, is being prioritised although this is impossible to tell through broad BELs), and decarbonising housing – none of this will help restore nature. It is urgent we reduce our emissions but equally urgent we restore nature before it's too late to save. The helpful [budget breakdown diagram](#) from Senedd Research also highlights that spending to 'Deliver nature conservation and forestry policies and local environment improvement' amounts to less than is spent on roads, housing or flooding.

It's also unclear whether this is a way of repurposing spend that would have taken place regardless of the Senedd and Welsh Government's recognition and declaration of climate & nature emergencies; e.g. money has been spent on active travel infrastructure for some time, can this really be described accurately as money that wouldn't have been allocated without these declarations? It appears to be more of a re-labelling of existing spend, which doesn't help us to break down what has changed or been re-prioritised over the years. In addition, spending money that helps us to avoid further carbon emissions is just avoiding emissions that are not now, nor never were, sustainable. This is more about reversing and slowing down our carbon output, rather than radical systemic change across the board. We also need to ensure that spending across all MEGs translates to a sustainable and circular economy, without causing damage to nature inadvertently.

The Wales Infrastructure Investment Strategy does recognise that not all supposed 'green spend' can necessarily benefit nature, affirming: *"It is important to recognise that "green" investment is not one homogenous theme and that, in many cases, investment that is beneficial in one aspect can have negative impacts on others. For example, the planting of large mono-cultural forests is likely to be beneficial in terms of carbon sequestration but, if replacing a previously natural environment, could be damaging to biodiversity. Therefore, investment decisions need to be considered in light of the trade-offs"*.

We would urge for this to be embedded in all public decision making, to be 'mindful of the trade-offs'. For example, with £4m being put to marine energy (followed by £10m planned for the following two years), this could greatly help to reduce our carbon from non-renewable energy, but if deployed in sensitive marine habitats, could harm nature and certainly put marine wildlife at risk or under pressure, therefore attempting to help climate whilst damaging nature. We need to be extremely alive to this, so that we don't exacerbate one problem by trying to fix another.

The best examples we can find in the budget of direct spending on restoring nature are: the Nature Networks programme (which is especially welcome as it's something our members have been asking for, for some time), the Local Places for Nature

programme, investment in restoring peatland (although not enough for the scale of the task, but a good start) and Natur Am Byth, an extremely positive project of species-specific actions. The National Forest and new National Park plans are also exciting opportunities to make the most of the public and publicly managed estate, for the good of nature and people. It remains unclear how these broad BELs end up being divided between different programmes, and we'd welcome a breakdown of key programmes and which BELs they'd fall under. For example, the Access Improvement Grant for local authorities is likely under the 'Landscape and Outdoor Recreation BEL', but without a breakdown, we cannot tell if it's increased, decreased or remained at its previous level.

The complexity of the exact spend would need to be set out for us to make a call on how beneficial this investment will be for nature directly. For example, the Budget Narrative cites *"an additional £12m of revenue and a total capital investment of £57m in the National Forest and Welsh Timber Strategy up to 2024-25"* which will also *"support the creation of 30 new woodlands"*. A forest by itself may not be the most beneficial, but if done right, will do well for nature. However, this is tied up in the narrative with the Welsh Timber Strategy, which may not be so good for nature and may just be a way for Wales to exploit timber as a natural resource. So how things are done is extremely important, not just that there's money there for something in that area.

Multi-year spending

We do very much welcome the multi-year budget, and we hope this will help us to track developments consistently and would implore for the Welsh Government not to change MEGs or BELs dramatically in between budgets, so that it's easier for stakeholders – and indeed, the general public, who should be able to access such information if they wish – to analyse and track.

This should help departments and all public bodies funded by Welsh Government to plan ahead better too. We also noted: *"In addition to the unhypothecated settlement we expect to provide over £1bn in revenue grants 2022-23, including some specific funding, to support local authorities to continue to change services to respond to the nature and climate emergency."* We are keen to know if there are any parameters on how this funding is used, as it's difficult to ensure that national-level policy truly

embeds at the local authority level as it's their decisions that will have the biggest impact on nature locally for communities. We would also welcome a steer from Ministers to ensure councils are evaluating long-standing projects through a 'climate & nature emergency lens', as many have been going through the planning process for a long time and wouldn't have considered the environment as such a priority during those earlier stages. We need to re-assess all council planning decisions within these parameters (much like all roads were re-evaluated, which was very appreciated in the eNGO sector), and not rely on historic decisions made lacking this perspective. The Welsh Government did this itself with its decision on the M4 relief road, which we hugely welcomed, but situations like building on Cardiff's valuable and nature-rich Northern Meadows are still going ahead, despite Cardiff Council declaring their own nature emergency.

Specific funding lines

We've outlined some headline responses to the below funding lines:

- £5.3m revenue for forestry, alongside £9m of capital. It isn't clear how this will be allocated for woodland creation, although we hope a large amount will be benefitting nature and not just the timber industry. Ultimately, land use and its outcomes is complex, but fundamentally we want to see commitments in protecting habitats, and funding ring-fenced for restoring nature.
- Landscape & Outdoor Recreation (under the action of 'Promote and support protected landscapes, wider access to green space'), set at revenue of £12.4m for 2022/23 which is a slight increase from last year's £11.4m. This is set to stay the same for the next three years, along with £5m for capital. We'd be interested to know if this is the budget line under which the new National Park will be developed from in north-east Wales.
- The BEL for 'Marine Policy, Evidence and Funding' is set to stay the same as last year, and for the next 3 years, at £1.9m. Given the need to increase monitoring of the marine environment, and with MCZs expected to be designated at some point this term, it's worrying that the Welsh

Government doesn't anticipate marine evidence needing to increase in resource and this doesn't bode well for seeing improvements in our seas.

- The Rural Affairs MEG is set to increase, from £355m this year, to an indicative £418m for 2023/24, and £440m for 2024/25. Farming needs to be supported throughout the transition away from basic payments (by 2025) to the new Sustainable Farming Scheme. But we do query how and what the Welsh Government plans to do in the interim few years to help farmers prepare for this change. We would endorse piloting parts of the SFS as early as possible and introducing elements of it throughout the next few years so it doesn't come in just one fell swoop. And under which BEL would the future stability payments – committed to in the Labour/Plaid Coop Agreement – come out of?
- In terms of the circular economy, £5m is allocated for 'sustaining and improving recycling rates', with £0.5m to abolish commonly littered single use plastic items and a £160m capital investment in circular economy up to 2024-25, including 80 reuse and repair hubs in town centres. This is all very welcome, but actually in this arena, the key thing we need isn't so much investment as legislation. We are still awaiting the banning of single-use items, and now the Environment Act has passed in Westminster, Wales has the powers to finally move forward on this agenda. We would urge the Welsh Government to prioritise action on this and to move to reuse as the priority, not just recycling. We need a Deposit Return Scheme and single-use problematic items banned where possible, levied when not. We will not move to a circular economy by just focusing on recycling. That is still not using resources as well as we need to be.

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.



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