

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2024-25](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2024-25](#).

WGDB_24-25 30: Ymateb gan: y Gymdeithas Frenhinol er Gwarchod Adar (RSPB Cymru) (Saesneg yn unig) | Response from: The Royal Society for the Protection of Birds -RSPB Cymru (English Only)





RSPB Cymru Submission to Inform Scrutiny of the Welsh Government Draft Budget 2024/2025

RSPB Cymru is part of the RSPB, the UK's largest nature conservation charity, inspiring everyone to give nature a home. Together with our partners, we work to protect threatened birds and wildlife so our towns, coast, seas and countryside will teem with life once again. We play a leading role in BirdLife International, a worldwide partnership of nature conservation organisations.

Summary

We welcome the opportunity to provide evidence to inform Committee scrutiny of the Welsh Government's 2024/25 draft budget proposals. We appreciate the extremely difficult economic landscape in which the 2024/2025 Budget is being delivered.

- Current allocations under the Climate Change budget and the Rural Affairs budget will not be sufficient to meet the scale and pace of delivery required to address the nature and climate crisis.
- There has been a reduction in grant funding available under the Nature Networks Fund in 2023-24, which leaves a critical gap in the sector's ability to develop large scale, collaborative projects to contribute to delivering the '30 by 30' target. Funding should be reinstated for 2024-25 and grants (including large grants) allocated in a timely way to secure value for money by maximising the time available for delivery.
- A costed Nature Recovery Action Plan is needed to provide a clarity on the investment required to deliver on commitments under the Biodiversity Deep Dive and the Global Biodiversity Framework. The Plan should be owned by the whole of the Welsh Government to enable the wider benefits of investment in nature and opportunities for integration to be explored.
- The funding gap for nature demands an increase in public investment, but is too great to be addressed through public investment alone. The Welsh Government has a critical role to play in enabling responsible, private investment into nature's recovery in Wales.

The Case for Investment in Nature

The [State of Nature Wales 2023](#)¹ reported that the abundance of land and freshwater species has on average fallen by 20% across Wales since 1994, and one in six species is at risk of being lost from Wales. Historic and continued pressures on wildlife mean that Wales is now one of the most nature depleted countries on earth. The Welsh Government has committed to ambitious global targets to turn around the loss of nature, and has promised to bring forward legislation to introduce legally binding nature recovery targets for Wales. These commitments are very welcome, as whilst there is some progress, our response continues to fall short of meeting the scale and pace required to address the nature and climate emergency.

In the context of the current cost-of-living crisis, it is vital to ensure that budget allocation is not only efficient but also strategically farsighted. Investing in nature, as emphasized by the [Dasgupta Review](#), is not just an environmental imperative but an economic one. This review highlights a

¹ See the full suite of 2023 State of Nature Reports, including the Wales report, at stateofnature.org.uk.

fundamental truth: economies are deeply rooted in nature. Embracing a Nature Positive approach, where nature is at the heart of all economic, political, and lifestyle decisions, can significantly enhance the effectiveness of investments in other sectors.

The World Bank's 2021 [report](#), "The Economic Case for Nature," reinforces this viewpoint, arguing that nature-smart policies not only mitigate the risk of ecosystem collapse but also offer dual benefits for both biodiversity and the economy. The report warns that the ongoing trend of environmental degradation heightens the risk of ecosystem collapse, which in turn poses systemic risks to economies worldwide. A collapse in even a limited range of ecosystem services would have profound negative impacts on the global economy.

There is ample evidence of the benefits of, and return on investment in nature. For example, a 2011 report for Defra estimated the annual value of SSSIs in Wales at £128m. 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. The economic benefits of investing in nature-based solutions to mitigate and adapt to the impacts of climate change can be substantial. Conservative [estimates](#) suggest that for peatland restoration, £4.62 of economic and social benefits can be expected from each £1 invested; for woodland creation, the return would be £2.79; while for saltmarsh it is up to £1.31².

Moreover, the financial implications of inaction are stark. According to BloombergNEF, the cost of protecting the most vulnerable natural resources today will nearly triple by 2030 if no action is taken. This forecast illustrates that safeguarding Earth's biodiversity now is not only an ecological necessity but also a cost-effective strategy. Delaying action will only escalate costs and diminish the potential for sustainable economic growth.

Preventative spending, which aims to avert problems before they escalate, therefore offers significant long-term economic benefits. Such spending has the potential not only to address the nature and climate crisis but also to strengthen economic resilience, enhance public health, and enrich educational outcomes. RSPB Cymru welcomes the work currently being undertaken by the Welsh Government's Budget Improvement and Impact Advisory [Group](#), in particular the focus of the work on integrating prevention into budget decisions, and we will continue to engage with this work over the coming year.

The Well-being of Future Generations (Wales) Act offers a framework to ensure that public policy decisions are made in a strategic, preventative, way with a view to the long term, taking an integrated approach and involving and collaborating with others. In oral evidence to the Climate Change, Environment and Rural Affairs Committee in June 2023 Wales Environment Link (supported by RSPB Cymru) called for a costed Nature Recovery Action Plan, owned by the whole of the Welsh Government, enabling opportunities to integrate action for nature (and its funding) across wider portfolios.

[Revised spending plans 2023-24](#)

We note that the Welsh Government's revised spending plans include an increase in funding under Climate Change and Health portfolios. However, we note that a significant portion of the uplift in the

² 2021 RSPB Economic benefits of nature-based solutions. Cambridge Econometrics.

<https://www.camecon.com/what/our-work/rspb-economic-benefits-of-nature-based-climate-solutions/>

Climate Change budget includes a £125 million allocation to Transport for Wales; i.e. the increase in the Climate Change budget does not reflect an increase in budgetary commitments to delivering the commitments of the Biodiversity Deep Dive (see below). In fact, as set out below, we have seen a reduction this year in the Nature Networks Fund, the key Welsh Government grant scheme for protected sites and resilient ecological networks.

The increase in the Health and Climate Change budget has been counterbalanced by reductions in all other budget areas, including the Rural Affairs budget. The combined impact of a 50% cut in the rural affairs capital budget, amounting to a £20.2 million reduction, and a £17.3 million decrease in revenue funding, results in a total reduction of £37.5 million. This cut represents approximately 8% of the total rural affairs budget, marking a substantial loss in funding for the rural sector. This is bad news for nature, too. Ninety per cent of Wales' land is in agriculture, and policy-driven changes in farming practice have been identified as the biggest driver of biodiversity loss on land. Farming, with the right support under the developing Sustainable Farming Scheme, therefore has a critical role to play in nature's recovery.

Departmental budgets in 23-24 are likely to be squeezed due to the UK Government's decision not to uplift these in line with inflation at the Autumn Statement. The First Minister has stated that budgets are [£1.3 billion](#) short of what is needed for 2024-25 meaning that most departments, including agriculture, will face real cuts. These are serious funding cuts which will potentially significantly harm efforts to reverse biodiversity decline.

[Funding Nature's Recovery in Wales](#)

[The Biodiversity Deep Dive](#)

In October 2022, recommendations of the Biodiversity Deep Dive were published, following detailed work with a number of groups of experts and stakeholders on how Wales can deliver the '30 by 30 target' – the global target to protect and effectively manage 30% of land and freshwater, coasts and seas by 2030, through protected areas and other effective area based conservation measures. The recommendations include specific commitments to increase resources and support delivery, which we would expect to see reflected in the Welsh Government budget for 2024-25, including:

1. Expanding and scaling up the Nature Networks Programme.
2. Increasing the delivery capacity of the National Peatland Action Programme.
3. Funding Local Nature Partnerships.
4. Establishing a targeted scheme to support restoration of seagrass and saltmarsh habitats along our coastline.
5. Completing Wales' Marine Protected Area network and securing appropriate management.
6. Ensuring protected sites are a priority for NRW and providing adequate funding.
7. Increasing capacity and capability in public bodies to undertake enforcement (longer term).
8. Ensuring designated landscapes are funded adequately to deliver nature recovery at the landscape scale (longer term).
9. Investing in skilled advisors to engage farmers with the new [Sustainable Farming] Scheme and maximise the potential benefits for nature.
10. Investing in sustainable land management pilots to build knowledge and experience in delivery for species and habitats. (The longer term actions point to the critical role of the

SFS in supporting protected sites and landscape scale nature recovery, and commit to developing and enforcing minimum standards).

11. Implement a spatial approach to marine planning identifying the ecological constraints and opportunities for different marine activities including renewables.

Work is still underway to develop the detailed action plans to support delivery of these commitments.

In evidence to the Climate Change, Environment and Infrastructure Committee in June 2023, Wales Environment Link set out the importance of developing a costed Nature Recovery Action Plan, in response to the Biodiversity Deep Dive and the wider suite of targets in the Kunming-Montreal Global Biodiversity [Framework](#), to provide a clear picture of the investment needed to deliver the Welsh Government's ambitions for nature restoration and recovery. This is essential in the context of the commitment to bring forward legislation to establish legally binding nature recovery targets for Wales during the current Senedd term.

Wales Environment Link's ['Pathways to 2030'](#) report, published in March 2023, sets out some of the key actions required to achieve nature's recovery and estimates the public investment needed to deliver on these. The report identifies additional spending needs to deliver the listed actions of £158 million per annum (however, this is likely to be an underestimate as it assumes the repurposing of £273 million per annum of rural payments to pay for the provision of environmental public goods under the Sustainable Farming Scheme, based on modelling done by Matt Rayment in 2019. As described below this work has been updated in the light of wider changes, and the funding required to deliver environmental land management commitments in Wales is now estimated at £496 million per annum).

Nature Networks Fund

The Nature Networks Fund is a central mechanism for supporting collaborative efforts in habitats and species conservation across Wales. It remains the only large grant programme through which Welsh Government is able to support collaborative, multi-year partnership projects to improve the condition of protected sites. As such it is the Welsh Government's key funding mechanism for delivery of the 30 by 30 target.

Following the publication of the State of Nature Report 2023, the Climate Change Minister announced a £15 million investment in the Nature Networks Programme for 2023/24. This includes an uplift in NRW funding for peatlands. While the emphasis on peatland restoration and funding for NRW is a positive step, it came alongside a reduction in the funding available to enable the wider environmental sector to contribute to delivering the 30 by 30 target.

The funding available to the third sector, via the Nature Networks Fund 3, was reduced by £3.37 million, from £12.27 million to £8.68 million, including administration fees through NLHF. This represents a 27% reduction. This figure (£8.68million) also now includes the £2m revenue Capacity and Capability Fund that was originally set aside for Investment Readiness, and not part of the Nature Networks Fund. Therefore, whilst this £2m is welcome and has not technically been lost, it is adding confusion and disguising a cut from the original NNF3 budget in external communications.

Furthermore, the delayed release of budget decisions on NNF3 have cut into the time available for grant application processes, meaning that the anticipated large grant facility has not been made

available in this round. This is deeply disappointing, and a backward step, as it removes a key funding avenue for the large-scale collaborative projects that are essential to nature's recovery.

In general, the launch of the NNF in Autumn, with awards released in March, is not ideal. As most conservation work needs to be undertaken in the Autumn, Winter and Spring season, the allocation of the fund based on this timeframe significantly undermines the impact that the fund can have year on year.

RSPB Cymru is calling on the Welsh Government to:

- Ensure the cut to the current year's grant funding is reversed for the coming financial year (2024-25).
- Reinstatement of the large grants facility for 2024-25.
- Launch the 2024-25 grants programme early – at the beginning of the new financial year – to ensure maximum benefits for nature are realised through delivery of funded projects.
- Provide clarity on the budget for Investment Readiness

Sustainable Farming Scheme (SFS) & Habitat Wales Scheme

A 2023 [report](#) prepared for RSPB, National Trust and the Wildlife Trusts by Matt Rayment - ***An assessment of the financial resources needed for environmental land management in the UK***³ - concludes that the overall costs of meeting environmental priorities through farming and land management in the UK are estimated at £4.4 billion per annum over 10 years. The report also indicates **Wales requires £496 million per annum** over ten years to meet environmental land management priorities e.g., via the Sustainable Farming Scheme. This is an update of a report last prepared in 2019, and the estimated costs for Wales have risen, having been updated to reflect Net Zero targets and significant changes in the cost drivers affecting UK agriculture driven by factors like the war in Ukraine and the associated cost of living crisis.

We support the concerns raised by Wales Environment Link regarding the potentially concerning precedent of capping environmental payment set by the Habitats Wales Scheme as an interim measure ahead of the introduction of the Sustainable Farming Scheme in 2025.

Looking ahead to 2025, the Sustainable Farming Scheme offers the opportunity to lead truly transformational change across Wales in tackling the nature and climate crisis and ensure sustainable future systems for future generations. We believe that focussing taxpayers' money on securing environmental outcomes and promoting sustainable food production and onward supply chains will provide a strong value for money argument for maintaining and increasing the rural budget for Wales at a time when public finance is coming under great scrutiny.

We welcome the Biodiversity Deep Dive recommendations to invest in skilled land management advisors and pilot projects – these commitments are an essential element of the transition from current agricultural payments to sustainable land management, and will need to be met with corresponding commitments in the budget.

³ Matt Rayment 2023: An assessment of the financial resources needed for environmental land management in the UK <https://www.wildlifetrusts.org/sites/default/files/2023-06/Finance%20for%20UK%20Environmental%20Land%20Management%2C%20June%202023.pdf>

Nature Service Wales

Research commissioned by RSPB Cymru 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.

Additional jobs would be created through supply chain and multiplier effects⁴. However, the Future Generations Commissioner's office have identified a skills gap of 250 places per year to support the retraining of young people and professionals into jobs that are fit for a future workforce.

Building on the work of over 200 stakeholders across Wales, the NSW [Partnership](#) submitted a Business Plan for the development of a Nature Service Wales in January 2023. We welcome the support of Welsh Government in developing this plan. The next stage of delivery for the work, in line with one of three scenarios set out the Business Plan, now depends on Welsh Government support through dedicated funding.

The scale of investment needed for nature's recovery – the role of private finance

Given the extent of the nature funding gap, it is unlikely that the full range of government commitments, both on the international stage and through the Biodiversity Deep Dive, will be met solely through public funding.

We therefore welcome the commitment under the Biodiversity Deep Dive, together with ongoing work commissioned by the Welsh Government, to consider barriers and solutions to help channel private investment into nature recovery.

It is essential for the Welsh Government to play an active role in developing a regulatory framework for private investment in nature, in order to manage initial risks and support private investors while pre-empting unintended market consequences. Through a regulatory framework and the setting of clear standards, government can ensure that private investment in nature will deliver towards nature's recovery, support local communities and boost local economies.

We support the work undertaken by FinanceEarth in outlining the necessary steps for governments across the UK to [finance nature's recovery](#) in a responsible way, and we will continue to engage in this work as it develops in Wales.

⁴ Matt Rayment 2020 Developing a Green Workforce in Wales – Estimating the Scale of the Need and Opportunity [Developing a Green Workforce in Wales \(squarespace.com\)](#)