



## A call for information – Welsh Government draft budget proposals for 2018-19

September 2017

**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.

### 1. What, in your opinion, has been the impact of the Welsh Government's 2017-18 budget?

Over the years, many of our members' budgets have been reduced as a consequence of continuing austerity measures that are felt across the whole of the third sector. However, we believe that the environment budget is under particular strain, due to years of continuing reductions to the Environment and Rural Affairs MEG.

The Environment & Rural Affairs MEG has reduced every year since 2014 and, drawing from Finance Committee reports, environment budgets have been a common casualty of ongoing austerity in the last few years:

- In the [2014-15 Draft Budget](#), the Natural Resources & Food MEG was at £415m, the lowest apart from Communities and Tackling Poverty's MEG.
- In 2015-16, this MEG had proposed reductions of 7.5%, about which the Environment & Sustainability Committee expressed serious concerns ([p.57](#)). The [Final Budget](#) for 2015-16 was £404m.
- In 2016-17, the Natural Resources Draft Budget was £367m ([p.15](#)), suffering "the largest percentage decrease for the second consecutive year of 5.6%". The [Final Budget](#) saw it only increase by £10m to £377m.

Looking to the present, the Environment & Rural Affairs budget now sits for 2017-18 at £383m. This minor increase does not adequately address the needs of a portfolio which requires resources more than ever to ensure effective planning for a post-Brexit Wales.

Given the challenges Wales faces in leaving the EU, it's more important than ever that eNGOs are robust. We need to ensure that we have the policy expertise to respond to the Welsh Government's call for our assistance, as well as the capacity for on-the-ground implementation, as we develop our own Welsh-specific environmental policies and ensure that strong environmental standards continue.

This need was echoed in the [evidence](#) from the Environment Secretary for the 2017-18 Draft Budget: *“The longer term implications of leaving the EU do not escape me and the need to take preparatory action remains a top priority. I have established a team of officials who are engaging with policy teams across my portfolio as well as with external stakeholders. We are working collaboratively to identify the key issues for Wales that need to be accounted for in any discussions with the UK Government as well as identify risks and opportunities associated with withdrawal from the EU. These actions will help identify and focus on transitional measures we will need to take.”*

Stakeholders are very keen to fully respond and collaborate with the Welsh Government on the next steps. However, without the right expertise or capacity, environmental charities will struggle to input as fully as we need to. The next few years will be crucial in terms of ensuring the Brexit transition doesn't cause environmental, social or economic harm in Wales.

**2. What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2018-19 financial year, and how robust is your ability to plan for future years?**

WEL appreciates that all budgets are under pressure but, in line with the Wellbeing of Future Generations Act, we recognise that it is the duty of all of us to ensure that we are planning for the future in a sustainable and resilient way. The Environment and Rural Affairs Department will shoulder a large part of the burden in relation to planning for a post-Brexit Wales with high levels of environmental protection. There will potentially be a significant amount of legislative work required, along with the need for new sustainable land use and marine policies, so we would expect to see an increase in the ERA MEG for 2018-19 and beyond.

WEL is currently going through a process of increasing its own financial sustainability by broadening its membership base in order to increase its income from membership subscriptions and reduce reliance on grants. However, we are also reliant on the Welsh Government core funding to provide stability for long-term development. Continuing austerity has reduced third sector income from grants in recent years and this, of course, threatens WEL's income from membership subscriptions as our members' income streams are reducing. This makes it increasingly difficult to make long-term development plans for the network.

We are also concerned that, increasingly in the wider funding environment, there is a prevalence of funding for short-term projects rather than the core funding that allows eNGOs to plan into the future. Core funding over longer periods of 3-5 years is very important for NGOs to provide the necessary stability for long-term, sustainable change and strategic development. We are aware of precedents such as the Integrated Care Fund for the Health and Social Care sector, which now provides funding for 3 years, enabling longer-term planning.

**3. 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 the areas identified below?**

**- Approach to preventative spending and how is this represented in resource allocation** (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)

WEL believes that preventative spending is very important to prevent further environmental damage and deterioration that might lead to increased problems such as flooding, pollution,

biodiversity loss and climate change. In addition, taking action to restore ecosystems must be a key part of the preventative approach to managing water (flooding and quality), mitigating carbon emissions, and addressing health issues. The Natural Resources Policy emphasises the importance of “nature-based solutions”, and the Environment and Rural Affairs Department is currently consulting on whether regulatory barriers exist to implementing these as part of its consultation on taking forward the sustainable management of natural resources. Where effective solutions are identified they will need to be allocated sufficient resources to be implemented effectively. Natural Resources Wales will have a key role to play in identifying and implementing nature based solutions, e.g. through the development of Area Statements under the Environment (Wales) Act.

It is not easy to identify current levels of preventative spending for the environment from the MEG. It would be useful to explore how much of the environment budget, including resources allocated to NRW, is currently spent on remediation or alleviation measures, rather than preventative measures.

### **- The Welsh Government’s planning and preparedness for Brexit**

As referred to in our response to questions 1 and 2, WEL believes that the Environment and Rural Affairs Budget will need to be increased in order to cope with the significant amount of work that exiting the EU will entail in relation to the environment. All of our environmental legislation and policy on agriculture and fisheries is EU derived and driven. If environmental protections are to be retained, and continue to be strengthened in the future, an increase in resources will be necessary to allow proper transposition and full scrutiny of environmental legislation and policy.

A significant concern to WEL members arising from our exit of the EU is the governance gap that will be created once EU institutions (such as the Commission) can no longer undertake functions on behalf of the UK and its constituent nations. In order to address this governance gap we believe, among other things, the statutory environment bodies, including NRW, will need to take on additional functions. Adequate resourcing of NRW must be provided for in this respect.

### **- How the Future Generations Act is influencing policy making**

It has been difficult to see how the Wellbeing of Future Generations Act (WFG Act) has influenced policy making so far, particularly when the mechanisms to embed it into Welsh Government decision-making – i.e. through the cross-cutting strategies and the wellbeing objectives – are still being developed. In the Finance Committee’s scrutiny of the 2017-18 Draft Budget, it highlighted WWF and Oxfam’s concerns that it was hard to see how the Act had informed any of the allocations. In the spirit of the five ways of working, there should be full involvement of stakeholders in the development of the cross-cutting strategies and wellbeing objectives. This ought to be transparent and accessible to the general public to facilitate their involvement.

It can seem as though wellbeing goals are ‘retro-fitted’ to decisions that would have been taken anyway, rather than making a change to how decisions are taken by public bodies in the first place. The WFG Act requires a significant step-change from ‘business as usual’ and it is vital that the Welsh Government provide leadership in this area, so other public bodies can follow their lead. So far, WEL cannot see how the WFG Act has provided this level of change in policy making, but we hope that the cross-cutting strategies will provide some direction on this and re-focus priorities.

The Natural Resources Policy emphasises the need for change across Welsh Government departments and portfolios, including transport. It is regrettable that the Welsh Government

continues to pursue construction of the M4 Relief Road, which shows no substantive recognition of the new framework put in place by the Act – indeed it has been strongly criticised by the Future Generations Commissioner. It will be extremely unfortunate if one of the Welsh Government’s first major decisions with the Act in place sets such a damaging precedent with regard to its application.

It was welcome that Environment Secretary, Lesley Griffiths, stated that there would be more integration of carbon budgets with financial budgets and we would expect that to be more in evidence in this year’s budget.

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.

