

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate Change,
Environment and Rural Affairs Committee
Cyllideb Ddrafft Llywodraeth Cymru 2019-20 – Barn Rhanddeiliaid y Pwyllgor Newid
Hinsawdd, yr Amgylchedd a Materion Gwledig | Welsh Government draft Budget
2019-20 – CCERA Stakeholder Views
Bud 08
Ymateb gan : Cyfoeth Naturiol Cymru
Evidence from : Natural Resources Wales

Welsh Government draft Budget 2019-20 – Outline proposals

Thank you for the opportunity to comment on the Welsh Government draft Budget for 2019-20.

NRW's Funding Position

Like most public-sector bodies, our 'core' funding from Welsh Government has been reduced several times since we were created in April 2013.

Revenue Settlement

The latest settlement is a 5% reduction for 2019-20 for the non-Flood funded part of our operations. We do not know the exact settlement for the Flood part of our operations as the settlement published by Welsh Government, at this stage, is for both ourselves and Local Authorities. We believe the revenue allocation will be at the same cash level as 2018-19. In addition, Welsh Government has allocated us an additional £700k for the impact of a consolidated pay rise in 2018-19, related to the implementation of our job evaluation scheme.

We have been in contact with our Sponsorship Department in Welsh Government about working more closely on the impact of funding settlements on NRW and are putting in place a more participatory process for 2020-21 onwards. We are disappointed that our funding has been reduced and it does threaten the services and new duties that we can offer in the part of our operations that is funded by Grant in Aid.

To put this into the wider financial context, since we were created in April 2013 our baseline non-Flood Grant-in-Aid will have reduced by £14 million and 20% in cash terms, and by £25 million and 35% in real terms.

Our baseline Flood Grant-in-Aid will also have reduced by £2 million and 10% in real terms over the same period.

These budget reductions have come at a time when we are striving to fully implement the spirit and actions of the Well-being of Future Generations and Environment Acts. Our ambition will be restricted, and we plan to submit a business case early in the next calendar year to properly fund the impact of this legislation from 2020-21 within our baseline.

We have been in discussion with Welsh Government about how they can assist NRW outside of the allocation, such as by:

- Retention of wind farm option fees by NRW would help to stabilise our Grant-in-Aid position. The receipts generated by wind farms and other renewable energy schemes on the land we manage are currently surrendered to Welsh Government.
- To be able to charge for more services which we regulate, or where we do not currently have the power to trade, may require changes to legislation.
- Providing certainty of funding over longer time frames.

Capital Settlement

Our main concern is the size of our capital allocation for non-Flood Operations. It is only £0.8m (excluding the allocation for the Wales Coastal Path) against a requirement of over £5m. This means we are reliant on cutting back on revenue funded services and additional allocations from Welsh Government to fund. The most significant element is the improvements we need to make to reservoirs that have been newly designated due to the Reservoirs Act.

Funding Allocated to Decarbonisation

Given the targets to reduce Wales' emissions to 45% of 1990 levels by 2030 and the ambition for a carbon neutral public sector by 2030 are ambitious and challenging, we are supportive of the funding allocated to decarbonisation in this budget. The case for accelerating action to reduce emissions has been made very clearly in the recent *Intergovernmental Panel on Climate Change Special Report on Global Warming of 1.5°C* published earlier this month. Indeed, the science relating to climate change increasingly provides a strong unambiguous case for further funding that drives not just emission reductions and greater economic growth, but multiple benefits in terms of health and wellbeing.

We are particularly supportive of the on-going work to align the financial and carbon budgeting processes and ensuring that capital investments enable emissions savings rather than lock us in to future emissions within new infrastructure. The emphasis within the decarbonisation priority is to deliver more energy efficient and low carbon buildings, homes and infrastructure but there is a strong case to be made for further investment in green infrastructure too, and new woodland planting and peatland restoration. Within the NRW Estate both woodland planting and peatland restoration have been identified as priorities through the Carbon Positive project to reduce our organisational emissions. The

wider role of these objectives beyond the NRW Estate would provide benefits linked to the other wellbeing related priorities within Prosperity for All.

We welcome the support for the Welsh Government Energy Service that provides further potential for the Welsh public sector to undertake further renewable energy and energy efficiency initiatives. NRW has previously utilised support from Green Growth Wales for delivery of its carbon reduction targets and the Carbon Positive project and is currently embedding the Carbon Positive work across our remit. The Energy Service is likely to provide an important source of support for some aspects of this work.

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