

Response to Welsh Government Draft Budget 2024-25

Date: Fri 19th January 2024

Summary

This is a high-level response to headline figures published for the Welsh Government's Draft Budget for 2024/25. We submitted a [pre-scrutiny paper](#) to the Finance Committee too.

As always, we need to reiterate the difficulty of enabling civil society's scrutiny of budgets when released over the Christmas break; we appreciate that this is not fully within the Welsh Government's control, but the departmental papers that inform the Senedd committees' scrutiny of Ministers – i.e. the [evidence papers](#) that accompanied the Rural Affairs & Economy Ministers on 18th Jan – are hugely valuable to enabling third sector input into changes. It would be helpful for these to be published earlier, so that meaningful input is more easily obtained within the budget setting process.

Nature restoration for all of Wales – including reviving the most important and vulnerable sites – could be achieved over the next decade with just £158m of additional funding annually. We outlined this in our ['Pathways to 2030' report](#), with full costings in the [expanded report available here](#) (Tables 2 and 3, p17 – 18). This is a small amount compared to what is spent in other sectors, but unfortunately, in a period of austerity and widespread cuts, we fear this will be forgotten as something that Welsh Ministers consider we can 'no longer afford'. What we cannot afford to do, is to let our habitats decline, our species go extinct and for our clean water, clean air and healthy soils to linger as no longer a government priority. And we must not forget the commitments we made at COP 15 to meet protecting and restoring 30% of our nature by 2030.

The cheapest path to a nature-rich future is the one that we take today, not the one that we lose and have to scramble to find our way back to, 20 years later.

Overall year-on-year changes on environment-related spending

The Climate Change MEG has seen a £28.3m addition to revenue; the Rural Affairs MEG as seen a £73.6m cut to revenue.

In terms of capital, the Climate Change MEG's capital has been cut by £60.3m and the Rural Affairs capital increased by £23m (to around £60m overall). With a lot of reprofiling of budgets, to shore up gaps in inflation, this is difficult to track. However, we welcome that decarbonisation is still a priority in capital budgets; for example, the £20m allocation to develop a Further and Higher Education Decarbonisation Scheme to modernise infrastructure in line with net zero targets.

On the face of it – at least how changes have been presented in the [Budget Narrative](#) document – we do note some particular nature-related areas highlighted. For example, there is a £500,000 decrease to the flood risk management budget line. Whilst the Welsh Government assures that they will “carefully monitor the impacts to our flood risk management preparedness and response” following this, it does show that budget pressures are high enough that we may not have funding available for coping with unexpectedly detrimental and dramatic weather changes. A resilient Wales is one that has resourcing for preventative nature-based flooding solutions and, ideally, short term funding available to help remedy negative impacts to communities when it does have an impact on homes, businesses and communities.

£2.7m of revenue and £1m of capital has been modified from previous Forestry programmes and their delivery ‘reprofiled’ into the National Forest. Details on this would be welcome, in terms of if and how that money will be used differently. But ultimately, tree-planting – in the right place and under the right conditions – is one of our best tools in tackling carbon capture, flooding and providing natural habitat for broad ranges of species. It’s important that the impetus and available funding is not lost, so we don’t lose pace in meeting tree-planting targets.

Nature-related spending

It is outlined that £1.5m has been cut from the Biodiversity, Evidence and Plant Health BEL, which seems to be the BEL the [Nature Networks Programme](#) is resourced from. This is an extremely useful fund and will be vital to meeting our biodiversity

commitments from COP 15; in our [pre-budget paper](#) to the Finance Committee, we emphasised the Nature Networks Fund as the best available opportunity to reverse the nature crisis in Wales, particularly in the way it enables large-scale partnerships. This is reflected in there being three times the amount of Expressions of Interest as was available to be allocated from the last funding round (more information on the hyperlink in our previous paper, above).

However, as feared, the Budget Narrative does point out that the Nature Networks programme is expecting a cut next year, stating that “investment [is] to continue next year, albeit at a smaller scale”. Whilst we don’t expect our sector to be exempt from the cross-portfolio wholesale cuts that had to take place this year, it is important to highlight that programmes that we know are value for money, high in demand and creating improved and more resilient sites, are still facing cuts. We would welcome clarity on where this sits in the BEL lines and how much is expected to be available for this fund.

The [Budget Narrative](#) also outlines how £250,000 has been released (i.e. cut and put somewhere else, we presume) from marine projects, £250,000 from air quality and £700k from coal tip safety spend. More information on which projects or schemes will be affected by this would greatly help us monitor what kind of impact it will have. This is mentioned in the same paragraph (para 89, page 39) as the Nature Networks Fund, so it seems that money might be available for bidding in future rounds. It’s regrettable if we have to take ‘money for nature’ from one area to another, particularly when there are broader safety concerns when it comes to coal tips (and their [broad potential to become havens for nature](#)).

In other nature-related funding, we do welcome that Local Places for Nature has gone from £16.7m in 23/24 to £19.7m in 24/25. This small increase likely has been decided upon to keep up with inflationary pressures. It’s a very well received fund, spreading smaller amounts of money to local organisations, and is a good way to encourage and incentivise projects that improve urban and park green spaces and infrastructure, as well as involve communities as much as possible.

The BEL lines feeding into the theme of ‘Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries’ show a

£1.565m cut, with £1m from 'Fisheries' and £565,000 from 'Fisheries Schemes', resulting in a total of zero for that BEL for 2024-25. We're unsure what this would impact and if this is just a moving around of funds. It would be helpful to know if changes here reflect anything from the ongoing NRW project for [Assessing Welsh Fisheries Activities in MPAs](#).

Funding Natural Resources Wales

The Draft Budget appears to indicate an increase in resource for Natural Resources Wales (NRW), which would be welcome, as we have repeatedly pointed out that NRW's critical nature conservation functions are inadequately resourced. We understand that this NRW's current budget for [Land Management Agreements](#) (i.e. section 16 agreements under the Environment Act 2016) – which support appropriate management of SSSIs and other land – has been fully deployed; this means that some existing s16 agreements are not being renewed, and there appears no possibility of establishing agreements for new areas.

While it is positive that NRW has had sufficient capacity to allocate its whole budget in this area, the stark reality is that the budget is too small. Given the uncertainty about the Nature Networks Programme (as outlined above), and the substantial reduction in rural affairs spending (as we should acknowledge that Glastir agreements have been an alternative mechanism to support SSSI management), we are gravely concerned about a potentially widening funding gap for protected sites.

This is in direct conflict with the Welsh Government's commitment to deliver the '30 by 30' target as set out under the Biodiversity Deep Dive. If NRW's budget is indeed increasing, we urge the Welsh Government to ensure that some of this increase will be channelled into critical nature conservation functions, such as Land Management (s16) Agreements.

Skills for Nature

Whilst decarbonisation skills are raised more frequently, skills in restoring nature are also in just as much need as prioritising in our economic planning. Recent consultations from Welsh Government on 'Net Zero Skills' barely mention nature at all. We do need a lot of people and development funding for energy efficiency,

renewable energy and public transport, in order to reduce reliance on petrol, but this is a dual climate and nature crisis.

CIEEM – the Chartered Institute for ecologists – has published the [‘Vocational Pathways into Ecology and Environmental Management’](#) report. This emphasises the skills crisis we are seeing in the environment sector, especially for planning departments and ecological assessments required when doing large-scale restoration projects. For example, peat bog restoration, planting new woodlands, nature-based flooding solutions and the best ways to ‘greenify’ urban, built-up areas, let alone advising farms. Their [Green Jobs for Nature](#) website also helps people to find roles and navigate the sector’s recruitment landscape.

Natural Resources Wales – during the height of the Covid-19 pandemic – led the [Green Recovery Task Force](#) from May 2020, which looked at the concept of a Nature Service for Wales to tackle this. Several WEL members were involved, and in the final [Task & Finish Group report](#), a Delivery Partnership was tasked with supporting the ‘Nature Service Wales’ proposal. A [website has been established](#) and the First Minister told [Plenary](#), on 11th July 2023 (para 30), that,

“We've provided funding already for the scoping phase, and that scoping phase involved the design and development of a business case for longer term funding for the scheme. That business case has a number of strands within it, including delivering that Nature Service for Wales and, indeed, drawing on the experience of the Valleys Regional Park nature service demonstrator [...]. We're committed to taking all that forward.”

We would find it very helpful to the committees to follow up on if and where this would appear within budget documents, particularly as nature and skills are cross-portfolio Ministerial areas.

We have seen [reports](#) that apprenticeships are being cut as well, and are unsure whether the Welsh Government still intends to take this forward, at a time when budgets are less constrained. It is crucial that we train the workforce for the future, as flooding events increase and climate change create more fluctuating crises for

nature. We need the next generation to be equipped to tackle the management of them.

If we want to empower a generation to tackle the nature and climate crisis, we need real investment in the skills required. A meaningful transition to a net zero and 'greener' future necessitates it, and we're disappointed if a key recommendation from the Task & Finish Group has been left behind.

Rural Affairs budget

On Rural Affairs budgets, it appears it's taken the most significant cut within one MEG in order to continue to adequately resources frontline services. As the Finance Minister outlined, in her [initial scrutiny session](#):

"Farmers told us that their number one priority was that we maintained our commitments in respect of the basic payment scheme. That's a really significant amount of money that goes into the pockets of farmers to help them do the important work that they do. The Minister for Rural Affairs was really, really clear that she wanted to keep that promise as well, so that was the area that was protected within that budget.

It did mean, though, some other difficult choices [...] So, she will be releasing £40 million from the rural investment scheme funds. She'll be saying more as we approach the new financial year about the schemes that she will put in place and provide more detail, but there will still be £60 million available for that work to support rural communities."

Since then, in the Rural Affairs Department's [evidence paper](#) (published on Monday 15th January), has confirmed more detail on this. The revenue side of the Rural Investment Schemes BEL is £46.139m and the capital side is £53m; it appears that £23m has been moved directly from the revenue to capital within that BEL. We think this is also the BEL where the Habitat Wales programme sits; it would be extremely helpful to see a breakdown of Rural Investment Schemes, particularly followed up on later in the year, to see how much ended up being awarded versus was applied for. As, just because funding is available, doesn't mean it will all be taken up and allocated.

The Budget Narrative explains that “the changes in the Rural Affairs portfolio are focused on the support available to prepare farmers and the supply chain for SFS. These are necessary to minimise the impact on the wider budget.” We agree that the focus needs to be on helping farmers transition and prepare for the Sustainable Farming Scheme (SFS); it’s important however that this preparation includes direct engagement with the sector so Welsh Government know what support and advice is most needed. This is an investment in its success; we have continually highlighted the need for pilots and assurance on where farmers can go for affordable, trusted and quality advice and training. This is critical to improving environmental delivery and productivity. We do not want to see cuts set a precedent for how advice and support is funded in the SFS from 2025, when it finally starts up.

She highlighted that the Rural Affairs budget on the promotion of Welsh food and drink also had to be cut to protect frontline services. Looking at the BEL lines, it looks to be a £2.26m cut to the ‘Promoting Welsh Food & Industry Development’. We would agree that, whilst a shame to need to, promotional budgets like that are more appropriate to cut than actual financial support for sustainable food production. But Ministers need to keep an eye on the horizon and create a pathway to transition the whole sector, in an informed way, to farming in ways that best ensure future resilience in our environment, our food and the ecosystems on which food production depends.

Transitional support to the Sustainable Farming Scheme, including provision for agri-environment schemes (i.e. Habitat Wales & organic support)

Until budgets are confirmed for the future Sustainable Farming Scheme (SFS), it is important to give reassurances to farmers so they can plan ahead, so we welcome the Basic Payment scheme being maintained at £238m for 2024. Whilst Habitat Wales has been introduced as a bridge between Glastir and the future SFS, we [remain](#) concerned at payments being 45% lower than Glastir and it does not help uncertainty, particularly for farmers previously reliant on Glastir contracts that are now facing tremendously difficult decisions about how they go forward and how long they have to wait for multi-year funding certainty.

The Rural Affairs Minister did commit to organic farming support in [late 2023](#) (para 114). Although the final announcement wasn't [published](#) until Wednesday 17th, we very much welcome the Welsh Government's recognition that the sustainable land management practices employed on organic farms in Wales will undoubtedly have benefitted local ecology, most often in areas vulnerable to biodiversity loss. We appreciate that Ministers are facing unprecedented financial constraints – and that this looks to be sourced from final allocations of RDP funds ([written statement](#) and [press release](#)) – it is welcome that organic farming still features as a model worth supporting. But we regret that, for many in the organic sector, this long-anticipated announcement arrived after Christmas, following the expiry of Glastir Organic contracts.

It's a point worth repeating, even if it's easier said than done; farmers need multi-year funding commitments and certainty over what eligibility criteria there will be, in order to plan ahead for their businesses.

Agricultural pollution - additional spend

The Budget Narrative sets out that £20m has been set to support the implementation of the agricultural pollution regulations; given the 12-month trial of the new Enhanced Nutrient Management Approach, it's important this is evaluated carefully. We still want to see a stronger approach – as has been [outlined in our December 2023 briefing](#) – but if enforcement and advice is not adequately resourced, they will not work as effectively. It's not clear where the £20m falls in the BEL lines so clarity from Ministers would be welcome there. The Rural Affairs paper indicates that £2.55m will go to NRW via a service level agreement on enforcing the regulations. It seems that the rest of the £20m is likely within the Rural Investment Scheme BEL. We would welcome clearer communication on how this is planned to be spent and by who (i.e. how much from NRW budgets and how much from Welsh Government budgets).

Cleaning up pollution is extremely expensive – on multiple fronts, including in terms of organisational oversight, physical action and investigation, voluntary initiatives to tackle said pollution (i.e. litter picks, in other scenarios) and the almost incalculable damage that takes place to nature from bad pollution incidents. One incident can wipe out a whole generation of fish. This is an area where spending should be

focused on preventing incidents, rather than cleaning, as it is far more cost effective to prevent than to enforce, investigate and remedy.

Circular economy

The Budget Narrative notes that £3m for Resource Efficiency and Circular Economy budgets will be released and instead used to support repair and reuse hubs. Repair hubs are extremely valuable in transitioning communities to reuse and repair, rather than single-use economies or disposing of items that still have some use left in them, if people could easily access a repair.

We welcome that 'delivery of EPR reforms will transfer some of the costs of waste services to producers', as this is in line with a 'polluter pays' principle.

For more information

If you would like to follow up on any issues raised here with someone in the Wales Environment Link network, please email [REDACTED]

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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