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11th September 2017

FAO National Assembly Finance Committee Clerk,

RE: A call for information – Welsh Government draft budget proposals for 2018-9

Thank you for giving the Marine Conservation Society (MCS) the opportunity to provide information to the Finance Committee's scrutiny of the Welsh Government's draft budget proposals for the 2018-9 financial year.

MCS's overarching recommendations for the Welsh Government are as follows:

Recommendation 1: Review the allocation of budget, ensuring sufficient resource is given to enable the Welsh Government to carry out their legal obligations and agreed priorities (as highlighted in the Welsh Government's Programme for Government)

Recommendation 2: Ensure greater transparency of budget allocation within the different branches of Welsh Government departments

Recommendation 3: Ensure budget allocation takes into account new areas of Welsh Government responsibility

Recommendation 4: Recognise that the costs of the protection and management of Wales's biodiversity and natural resources is necessary preventative spending

Recommendation 5: Plan for the development of domestic funding mechanisms as a replacement for currently existing EU funding mechanisms

Our more detailed response to each question now follows:

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

The Marine Conservation Society believe that the overall allocation of budget for the 2017-8 financial year has not sufficiently covered the funds needed for the Welsh Government's to undertake all of their legal marine obligations.

Evidence suggests that in the financial period 2017-2018 (and prior to this), there has been insufficient budget allocated to implement effective management (mitigating and/or eliminating pressures and threats arising from existing or ongoing activities) of Wales's marine natural resources. This is a critical time to start the recovery process to achieve resilient ecosystems (a requirement of the Environment Act [Wales]) and further delay will result in reducing our ability to use our marine natural resources sustainably in the future.



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Over the past few years, both the Welsh Government and Natural Resources Wales (NRW) have had enforced cuts and are seriously under-funded in the area of marine management. Voluntary redundancies¹ and staff re-structures have resulted in workload being shared amongst remaining staff and a loss of resources and expertise, which in turn has led to a serious loss of strategic direction. This being the case, the Welsh Government Marine and Fisheries Division, NRW, and other public bodies responsible for implementing marine management are struggling to meet statutory requirements set out in the EU Habitats Directives and Marine and Coastal Access Act (England and Wales), not to mention the new domestic obligations under the Environment (Wales) Act and the Wellbeing for Future Generations Act.

Rather than list the range of resource and capacity issues with regards to marine management (as we recognise it may be better placed to highlight these in the upcoming relevant Committee scrutiny of the draft budget), we would like to draw your attention to the newly published Climate Change, Environment and Rural Affairs (CCERA) Committee's 'Turning the Tide' report on Marine Protected Areas (MPA) management in Wales (August 2017)², which recognised the urgent need for a review of the current funding situation for marine and fisheries in Wales:

"There was a consensus in the evidence about the need for greater resource, in terms of staffing and finance, to enable sustainable management of MPAs." (17., Page 11)

As such a key recommendation from the Committee's report is:

"MPAs cannot be managed effectively without the appropriate level of resources, including funding and staffing. The Welsh Government must:

- ensure it has sufficient staffing to deliver its marine conservation responsibilities;*
- bring forward proposals for funding an area-based approach, with each management area having a dedicated officer; and*
- ensure that Natural Resources Wales has sufficient resources to undertake its responsibilities for MPA management and improvements to the condition of the Wales Natura 2000 Network."*

(Recommendation 2, page 21)

Our first and overall message therefore is that the allocation of budget should be reviewed, so that it is proportional to where there is evidence of need and where priorities have been identified. We have the ability, and through the WFG Act, the ambition to be a more sustainable and globally responsible country.

¹ For instance, NRW have had cuts in both resources and staff and a 15% budget reduction over the past two financial years

² Turning the tide? Report of the inquiry into the Welsh Government's approach to Marine Protected Area management, CCERA Committee, August 2017 <http://www.assembly.wales/laid%20documents/cr-ld11159/cr-ld11159-e.pdf>



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In order to achieve this, we need to allow for recovery and enhancement of our natural resources. MCS do not believe that the Welsh Government's current budget allocation currently supports this.

Recommendation 1: Review the allocation of budget, ensuring sufficient resource is given to enable the Welsh Government to carry out their legal obligations and agreed priorities (as highlighted in the Welsh Government's Programme for Government)

2. What expectations do you have of the 2018-19 draft budget proposals? How financially prepared is your organisation for the 2017- 18 financial year, and how robust is your ability to plan for future years?

Clarity is needed over the direct allocation of budget for the 2018-9 financial year.

There is a breadth of marine management responsibilities that fall to Welsh Ministers and it was not made clear in the 2017-8 budget where funding had been allocated to carry out these responsibilities. We would therefore welcome, as part of the Finance Committee's scrutiny of the Welsh Government's draft budget, a call for greater transparency of the breakdown of departmental spending into different spending areas and, where necessary, evidence of need.

In a supplementary paper³ from the Cabinet Secretary for the Environment and Rural Affairs to the CCERA Committee during their evidence session on last year's Draft Budget 2017-8, the Cabinet Secretary highlighted that, as part of her budgetary review, she had "reallocated and reprioritised a number of budgets to ensure that I have the right balance of investment across my portfolio...". This breakdown of the budget, however, only went so far as to highlight broad spending within her portfolio, with the overall budget for 'Agriculture, Food and Marine' policy and programmes lumped together.

'Agriculture, Food and Marine' are already three very broad areas and, given Wales is a farming nation, a large percentage of this budget is likely to have been allocated to agriculture policy and programmes. Looking more closely into this: beyond EU & maritime fisheries and enforcement capital spends, and an additional 68K allocated to the Wales National Marine Plan, MCS has sought yet struggled to understand the true breakdown for the expenditure over the 2017-8 period specifically for marine policy and programmes (for instance, the designation and overall management costs of Marine Protected Areas). Frustratingly, we received this same broad figure for agriculture, food and marine from the Cabinet Secretary earlier this year in response to a written question on the Welsh Government's spending on marine management.

At best, lumping budget together like this is confusing for stakeholders trying to tease out exactly what is being spent on certain areas of environmental policy and programmes. At worst, such broad spending

³ Agenda Supplement - Climate Change, Environment and Rural Affairs Committee, 2nd November 2016:
<http://bit.ly/2w7jMhi>



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figures can be used to lure the Assembly and the public into a false sense of security that more is being spent in a particular Division of the Cabinet Secretary's portfolio than actually is.

With this in mind, we would like to see a more thorough breakdown of the Welsh Government's draft budget for 2018-9, and we hope that Assembly's Committees, through their evidence sessions, scrutinise these broad figures. Otherwise, it may be impossible to understand whether there is a sufficient amount of resource being allocated to each branch of Government and whether expenditure has increased or decreased.

Recommendation 2: Ensure greater transparency of budget allocation within the different branches of Welsh Government departments

Additional Devolved Responsibilities in 2018

As of April 2018, implementation of the Wales Act will devolve marine licensing functions and nature conservation functions for the offshore area (the sea beyond 12 nautical miles to the median line) to Welsh Ministers. This will mean that the Welsh Government will have new management responsibilities for marine licensing functions in the offshore area, and for the protection of habitats and species, including the creation and management of new marine protected areas (MPAs).

The identification, designation and management (including monitoring and enforcement) of new MPAs will undoubtedly be a large new area of work for the Marine and Fisheries Division of Welsh Government, and MCS are keen to see the additional resource required for this workload recognised and reflected in the 2018-9 draft budget proposals.

Recommendation 3: Ensure budget allocation takes into account new areas of Welsh Government responsibility

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

In last year's Cabinet Secretary's evidence to the CCERA Committee on the draft budget 2017-8, she lists investments which will allow preventative action to take place to alleviate risks to Wales (Page 7). Whilst we welcomed the additional spending on flood risk management, waste and recycling, and investment in energy efficiency programmes, we would have liked to have seen the Welsh Government recognise the need for recovery and management of biodiversity and Wales's natural resources as preventative action that is necessary to invest in.



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From pollinators to drinking water, blue flag beaches to the food we eat, people who live in and visit Wales depend the protection and sustainable use of natural resources as much as they do flood prevention measures. Framing natural resources and biodiversity projects and programmes as 'preventative spending' could allow for greater investment into the recovery and effective management of these critically important areas of the Cabinet Secretary's portfolio.

Recommendation 4: Recognise that the costs of the protection and management of Wales's biodiversity and natural resources is necessary preventative spending

- The Welsh Government's planning and preparedness for Brexit

Particularly with regards to the UK's withdrawal from the EU, we are concerned that any reduction in EU funds such as CAP payments, RDP, and structural funds may impact overall spending for the Environment and Rural Affairs portfolio. With regards to marine management, this is of a particular concern for European Maritime and Fisheries Fund (EMFF) which is only guaranteed up until 2020. The need to take preparatory action and plan for this potential loss of funding should be a priority for the Welsh Government and, again, the additional resources needed to prepare for these changes will need to be reflected in the Welsh Governments 2018-9 budget.

Recommendation 5: Plan for the development of domestic funding mechanisms as a replacement for currently existing EU funding mechanisms

Please do not hesitate to contact me if you have any questions with regards to our response and recommendations for the Welsh Government's draft 2018-9 budget.

Yours Sincerely,

Gill Bell

Gill Bell

Head of Conservation, Wales

Marine Conservation Society

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