



CCERA Committee inquiry: Welsh Government draft budget proposals for 2019-20 October 2018

Summary

- **The budget does not allocate sufficient resources to increasing biodiversity and ecosystem resilience.** This jeopardises the Welsh Government's ability to fulfil its obligations under the Well-being of Future Generations (WFG) Act and Environment Act. Taken together with the lack of an environmental focus in 'Prosperity for All: a national strategy' and a lack of a clear implementation route for the contents of the Natural Resources Policy, this omission appears symptomatic of a pattern of de-prioritisation of the environment.
- The Welsh Government appears to be out of step with public opinion, in continuing to reduce provision for environmental involvement, at a time of rising public concerns and expectations on matters such as plastics, access, air pollution and biodiversity decline.
- The environment sector is increasingly being expected to deliver public services but continues to experience cuts to its funding to do so, which is culminating in strained finances. This is very difficult to manage, as eNGOs need to prioritise the expectations of their substantial and growing supporter base over the Welsh Government's expectations of service delivery.
- Reductions to the budget for Natural Resources Wales is creating a dual pressure on both the public and third sectors to be able to deliver the Welsh Government's desired programmes for the sustainable management of natural resources. These reductions in Grant-in-Aid to NRW fall disproportionately on the body's nature conservation functions, because other budgets – forestry and flood defence – are ring-fenced. In line with NRW's purpose, to pursue the Sustainable Management of Natural Resources¹, **we urge the Committee to recommend this situation be urgently reviewed.** Particularly as NRW as seen further cuts to their budget this year.
- The effects of cuts within the Environment directorate and NRW are further compounded by the reduction in core funding of eNGOs. As already stated, this puts the Welsh Government at risk of not being able to deliver on the positive policy intention within the aforementioned WFG and Environment Acts, and of contributing to a decline in the quality of our natural environment, biodiversity loss and

¹ Definition of 'sustainable management of natural resources':

(1) In this Part, "sustainable management of natural resources" means—

(a) using natural resources in a way and at a rate that promotes achievement of the objective in subsection (2),
 (b) taking other action that promotes achievement of that objective, and
 (c) not taking action that hinders achievement of that objective.

(2) The objective is to maintain and enhance the resilience of ecosystems and the benefits they provide and, in so doing—

(a) meet the needs of present generations of people without compromising the ability of future generations to meet their needs, and

(b) contribute to the achievement of the well-being goals in section 4 of the [Well-being of Future Generations Act 2015](#).

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access to the countryside. **We should be investing in this area not putting it at risk of further degradation.**

- The MEG itself is not transparent for stakeholders trying to interpret where budgets are being focused, although we do recognise greater transparency in the BEL lines. **WEL calls for as much transparency as possible of the breakdown of departmental spending into different spending areas** and, where necessary, evidence of need. Otherwise, it may be impossible to understand whether there is a sufficient amount of resource being allocated to each branch and whether expenditure has increased or decreased. Such information is vital to understand if there is sufficient resource enable the Welsh Government to carry out their legal obligations. It would also help stakeholders and the wider public to understand budgeting decisions.

1. What are your views on the draft Budget as it relates to the Committee remit?

Budgets under pressure – environment at risk

As outlined in our response to last year's Finance Committee consultation of pre-budget scrutiny², the continuing cuts to the Environment and Rural Affairs MEG has put increasing pressure on the environment sector as a whole. The MEG has been reduced nearly every year since 2014, **having dropped by 12% from £415m in 2014-15 to £364m proposed in the Draft Budget for 2019-20**. This is proving particularly challenging as Wales plans to put in place new and untested post-Brexit legislation and policies.

At £364m, the Energy, Planning & Rural Affairs MEG is £18m more than 2018-19. However, the Welsh Government outlines in its Detailed Budget Narrative³ that a European Transition Team and a Trade Policy Team has been set up within this Department to coordinate Brexit activity. So WEL would question whether these additional funds are actually being spent on the environment or on the transition teams. We're pleased to see extra capacity as it is certainly essential going forward, but it is difficult to see how this additional spend is being used.

It is very welcome that the Welsh Government has put detailed BEL allocations in its budget documents. This transparency is very helpful for eNGOs to see where funding is being used. It's particularly welcome to see an uplift in the Marine & Fisheries BEL, as WEL has been calling for additional marine resource over the last few years. These funds will be essential in continuing marine protection whilst we exit the EU, However, it is not clear how these funds will be allocated and WEL are concerned that this uplift could be only as a result of fisheries and Brexit requirements, rather than an acknowledgement that there are significant marine conservation and management needs that also remain under resourced by Welsh Government. Given the CCERA Committee's recent inquiry on Marine Protected Areas, it would be good if scrutiny could look at this element further. The Marine Working Group would be happy to assist in providing examples of resourcing need.

As a minor point, it is hard to see if any functions have transferred out of the Department, given the re-naming of the MEG over the years from 'Natural Resources & Food' to 'Environment & Rural Affairs' to 'Energy, Planning & Rural Affairs'. However, it is assumed that any transfers would be small and it's clear regardless that this MEG has suffered as priorities are made in the face of austerity.

In tandem with Welsh Government cuts in this area, both the third sector and Natural Resources Wales have seen reduced capacity in line with their reducing budgets. This was a concern reflected in a recommendation from the Climate Change, Environment & Rural Affairs (CCERA) Committee in its scrutiny of the 2018-19 Draft Budget⁴, urging: *"The Welsh Government must, in discussion with Natural Resources Wales (NRW), keep under review the capacity of NRW to fulfil its responsibilities and statutory functions. The Welsh Government should provide an initial report on this matter to the Committee within six months."*

² Wales Environment Link, 2017. [WEL response to the Finance Committee consultation on Draft Budget for 2018-19.](#)

³ Welsh Government, 2018. [Draft Budget 2019-2020: Detailed Proposals.](#)

⁴ National Assembly for Wales, 2017. CCERA Committee: [Scrutiny of the Welsh Government Draft Budget 2018-19.](#)

It is our view that **key NRW functions – integral to restoring our degraded ecosystems – are chronically under-resourced**. For example, there has been no condition assessment of Wales' nationally important sites for biodiversity (Sites of Special Scientific Interest) since CCW's 'Rapid Review' in 2006, and the budget for management agreements to enable land managers to enhance the status of protected site features continues to diminish. This was the case prior to the advent of substantial new responsibilities, including the development of statutory Area Statements and the State of Natural Resources Report (SoNaRR), under the Environment Act.

Reductions in Grant-in-Aid to NRW fall disproportionately on the body's nature conservation functions, because other budgets – forestry and flood defence – are ring-fenced. In line with NRW's purpose, to pursue the Sustainable Management of Natural Resources, **we urge the Committee to recommend this situation be urgently reviewed**. For example, a proportion of the proceeds from forestry on the Welsh Government estate could be reallocated to broader nature conservation functions. This would represent a change in Welsh Government policy and may require an amendment to the Establishment Order that founded NRW; but failure to consider such a change would run counter to the Government's stated ambitions for, and legal commitment to, nature.

There are concerns that reductions to NRW will also limit its capacity to maintain popular Welsh attractions like the Wales Coastal Path and trails that provide outdoor education and access. Other cuts to local authorities are likely to impact on the upkeep of active travel paths, so it's important that NRW's grants on footpaths are maintained. Similarly, costs for the clean-up of pollution – for example, in rivers – are also important to make provision for. Despite regulation, pollution incidents continue to occur and the impact can be devastating. It's important for biodiversity, as well as ecosystem resilience and tourism, that these are tackled as quickly as possible with the necessary resource. Against a background of local authority reductions, it's vital for both councils and NRW to have enough resource to enforce on and tackle pollution.

The importance of funding the sustainable management of natural resources (SMNR)

The decline of nature is one of the biggest challenges to the wellbeing of current and future generations and the budget should be urgently addressing this. The State of Natural Resources Report⁵ (SoNaRR) habitat-by-habitat analysis of attributes that support ecosystem resilience found that *“all habitats have problems with resilience, with condition being the most frequently poor attribute.”* This has a worrying *“impact on their capacity to provide services and benefits into the future.”*

Funding and investment in nature's restoration needs to be increasing to address this massive challenge, both directly and indirectly through choosing investments which support rather than damage our – already fragile – ecosystems. The ongoing reductions in the Environment and Rural Affairs MEG over the last few years – where funding directly into nature's restoration comes from, is a sign Welsh Government is not taking this issue seriously enough and not investing the resources to tackle decline of nature and its impact on future generations. It suggests 'business as usual' from Welsh Government, rather than the effective application of the WFG or Environment Act, which require the recognition of resilient ecosystems and nature's restoration as a goal. Taken together with the lack of an environmental focus in 'Prosperity for All: a national strategy' and a lack of a clear implementation route for the contents of the Natural Resources Policy, **the reductions appear symptomatic of a pattern of de-prioritisation of the environment**.

For example, SoNaRR identifies the ecosystems which have the poorest resilience as lowland heathland, lowland grasslands, arable farmland, flood plains and peatlands. Coastal margins and marine areas in general also face issues with their condition; these would be prime areas of concentrated investment to bring about recovery. While the budget, and the Welsh Government's wider approach, commits it to addressing **some** of the major drivers of ecosystem and biodiversity decline (such as resource efficiency and climate change), such actions are insufficient to proactively address the fundamental conclusion of SoNaRR that **no ecosystem in Wales is currently resilient, with the main sign being ongoing species and habitat loss**. Allocation for nature recovery is urgently needed.

⁵ Natural Resources Wales, 2016. [State of Natural Resources Report \(SoNaRR\)](#).

For the marine area in particular, it's worth noting that from April 2018, the Welsh Government has had powers to manage the Welsh offshore area, from 12NM median line. This means that the marine area of Wales is now greater than the land area. Offshore powers include the ability to designate new Marine Protected Areas, and fisheries management, which will require monitoring, management and enforcement. The Welsh Government's 2019 budget should reflect the increase in resource required to manage the Welsh offshore area.

Some eNGOs have their own analyses of projections for the cost of nature restoration; for example a report by RSPB, National Trust and The Wildlife Trusts identified that £210 million per annum is needed to deliver on existing environmental land management commitments in Wales⁶⁷. A baseline cost can be easily found for the Natura 2000 network, which in Wales is made up of Special Protection Areas and Special Areas of Conservation. Natural Resources Wales' 'LIFE Natura 2000 Programme for Wales: Summary Report'⁸ sets this out, costing priority improvements to get all Natura 2000 sites into favourable condition at just over £120m. This is not a significant amount of money to reverse ecosystem decline.

As WEL has said in previous responses, there is **still no visible allocation or budget line for nature restoration**. This is concerning and signals that this is not a priority for Welsh Government.

To build a Resilient Wales, and deliver the Sustainable Management of Natural Resources (SMNR), **the Welsh Government must do more than reduce the rate at which our ecosystems are being degraded by human activity**. It must actively seek to enhance and restore ecosystems and tackle the drives of environmental decline. It must do so in a manner which is clear about the outcomes it intends to achieve, and by when it intends to achieve them with budget allocation directed towards this.

[The Welsh Government's planning and preparedness for Brexit](#)

WEL members are working in earnest on post-Brexit legislation, in collaboration with the Welsh Government, through the various Brexit roundtables. There is a significant amount of work to be done, by the Welsh Government, Natural Resources Wales, rural communities, the marine sector and third sector bodies. In order for this work to continue at a pace, the third sector needs to be able to plan ahead.

Much Welsh Government resource has been pulled towards Brexit, to the detriment of existing departments that continue at reduced capacity, or whose previous priority work programs have largely been put on hold (e.g. fisheries management) as officials' capacity has been significantly reduced in these areas. WEL believes that **the environment budget needs to increase** to respond to this adequately. The development of new Land Management and Fisheries Bills in Wales – as well as how they interact with UK legislation – is vitally important and dwindling resource will undoubtedly have a negative impact on the quality of forthcoming legislation. In addition, the vital work that needs to take place to sustainably manage and conserve our land and seas – regardless of the EU withdrawal context – needs to be properly resourced and capacity identified within Welsh Government. It cannot continue to be held up by Brexit.

It's important to note that DEFRA – and therefore the corresponding departments in the devolved nations – has the most significant amount of work to do on replacing EU law. It's estimated⁹ that *"1,200 EU laws relate to Defra, according to the Institute for Government, accounting for a quarter of the entire EU legislative oeuvre sitting in Brussels."* Whilst extra staff have been put towards Brexit within Welsh Government policy planning, there will also need to be resource available on the ground for implementation.

Scrutiny and amendment of statutory instruments at UK and devolved level, to ensure day one readiness, is an enormous task. **It is difficult to see how Welsh Government will be able to cope with the volume of statutory instruments and future legislation that will be required to deliver a 'green Brexit' for Wales.**

⁶ Rayment, M., 2017. [Assessing the costs of Environmental Land Management in the UK](#).

⁷ RSPB, National Trust & Wildlife Trusts Wales, 2017. [Briefing for Policy Makers: Assessing the costs of Environmental Land Management in the UK](#).

⁸ Natural Resources Wales, 2016. [LIFE Natura 2000 Programme for Wales: Summary Report](#).

⁹ Civil Service World, 2017. ['What will Brexit mean for DEFRA?'](#)

There needs to be capacity in all sectors, including in eNGOs, to enable us to support, scrutinise and help implement the new policies and laws that will be required. WEL brings together a variety of experts in the field to collaborate on joint responses, enhancing the value of our policy development and scrutiny.

In addition to all of the above, the EU LIFE programme's funds – a key driver for environmental protection and biodiversity restoration – is in jeopardy post-Brexit. LIFE Nature has supported ground-breaking innovative nature conservation action in and across the four countries of the UK. It has delivered demonstrable improvements in the natural environment, significant socio-economic benefits, and represents excellent value for money. A post-Brexit replacement is essential if we are to achieve international targets to recover biodiversity and leave the environment in a better state after Brexit. The fund has been a catalyst for substantial investment in Wales' natural environment. Since LIFE's inception in 1992, 18 Nature and Biodiversity LIFE projects have taken place in Wales with a total value of over €65 million. We call on the Welsh Government to obtain a commitment from the UK Government that funds will be made available post-Brexit for a replacement fund/s.

The prosperity fund developed by the UK Government in response to the loss of structural funds should also have environmental objectives within it to ensure investments are sustainable and also aimed at environmental enhancement. The Welsh Government needs to ensure no net loss of funding for these objectives, working in conjunction with the UK Government on future post-Brexit access to EU programmes and research.

WEL remains concerned at the governance gap that will arise post-Brexit. Whilst there has now been a DEFRA consultation on environmental principles and governance – and the UK Government is committed to a Bill to replace these in relation to England and for reserved functions – it is still not clear how any country of the UK will embark on replacing EU institutions that we rely upon for upholding environmental standards. Whether the governance gap is addressed at a UK and/or individual country level, **sufficient resources will be required to provide strong, independent environmental governance in the future**, and the Welsh Government will need to put resource towards this. WEL is expecting the Welsh Government to consult on how to address the gap and embed all European environmental principles, but the timetable is unclear.

[How evidence is driving Welsh Government priority setting and budget allocations](#)

The way budgets have been separated and integrated does not make the Welsh Government's priorities very clear. Biodiversity, flooding and waste appear to have been separated, but budget lines encompassing areas as broad as 'Agriculture, Food and Marine' remain. Combining budget lines like this is confusing for stakeholders trying to tease out exactly what is being spent on certain areas of policy and programmes. Broad spending figures can be used to create a false sense of security that more is being spent in a particular Division of the Cabinet Secretary's portfolio than actually is.

Given that many eNGOs work across a variety of areas, this could create duplication in different bidding processes and grant monitoring requirements. Collaborating and integrating budgets should create more collaboration across Welsh Government departments, to deliver on key priorities (although such a budget should still show a breakdown of allocations).

Work has been done on this in aligning budgets with Prosperity for All, but we regret that this doesn't include a sufficient objective on enhancing ecosystem resilience. This would support duties set out in the Wellbeing of Future Generations Act and provide a cohesive way forward for the joint delivery of SMNR. One of WEL's key concerns is that the existing Wellbeing Objectives¹⁰, Prosperity for All¹¹ and the Natural Resources Policy¹² do not work effectively for delivery of Goal 2: 'A Resilient Wales'.

These omissions from Prosperity for All are especially concerning given that this will drive the whole Programme for Government and that future spending decisions will be aligned to it until 2021. This

¹⁰ Welsh Government, 2016. [Taking Wales Forward: Welsh Government's Wellbeing Objectives](#).

¹¹ Welsh Government, 2017. [Prosperity for All: The National Strategy](#).

¹² Welsh Government, 2017. [Natural Resources Policy](#).

jeopardises funding for anything that Prosperity for All does not specifically mention and WEL believes much more could be included to drive forward 'A Resilient Wales' goal.

However, WEL welcomed the statement¹³ made by the Environment Minister in April 2018, outlining her five priorities for the environment in Wales. We particularly welcomed that: *"in underlining our commitment as a Government to the environment and setting out my priorities, I do so not as an add-on to our main objectives but as a core value that must run through our collective approach."*

She also emphasised that: *"The environment is not an 'either/or'; it is fundamental to our economic prosperity and our health and well-being."* The Minister is clear that she sees the environment as a cross-cutting issue too: *"As set out by the First Minister in 'Prosperity for All', our approach is cross-Government, whether that be by me working with the Cabinet Secretary for Health and Social Services on the use of green spaces to improve mental and physical health; with the Cabinet Secretary for Economy and Transport"*.

However, there does seem to be an aspirational gap between ambition and delivery. In terms of reversing the decline of biodiversity, this priority seems to solely rest in the Environment MEG rather than being any part of the Economy MEG, as evidenced by the complete absence of anything related to nature in the Economic Action Plan¹⁴.

The Economic Action Plan mentions Wales needing to transition to 'low-carbon', in order to tackle climate change, but there is little visibility of support for environmental improvements through business contracts. We welcome the consideration of carbon emission reductions for businesses in receipt of government funding, but the private sector's contribution to resilient ecosystems requires attention. For example, reducing the use of resources through increased resource efficiency; sourcing from sustainable certified producers; as well as improving biodiversity; assessing their use of finite natural resources; and actively investing in ecosystem restoration.

WEL members have repeatedly called for better involvement of the third sector in the budget setting process. This could be in the form of a formal advisory group, to provide expert input into how to align budgets with the Wellbeing of Future Generations Act and advice on how to manage the difficult issues within budget prioritisation. There has been no change to how WEL members have been involved in the budget process. We continue only to be able to have our views heard through the scrutiny process. There are models from other countries of how civil society and other stakeholders can be better involved in the budget setting process. With the WFG Act and requirements in sustainable development principle to involve and collaborate, we would expect the Act to have led to better stakeholder involvement processes.

2. What are your views on the funding allocated to decarbonisation following its inclusion as a sixth key priority area for cross-government working in Prosperity for All?

WEL welcomes the Welsh Government's timeline aligning carbon budgets with financial budgets. However as stated in Annex B, the Low Carbon Delivery Plan isn't expected until March 2019 as it is aligned with the fiscal budget cycle. Therefore, it's not clear how this process will work to ensure there are sufficient allocations to the programmes identified in the Low Carbon Action Plan to meet carbon targets. We would welcome further explanation of how the Welsh Government will start aligning this.

Many members of WEL have concerns about the proposed Low Carbon Action Plan. The consultation document did not offer enough detail nor an evidence base on which to be able to make a robust judgement as to whether members agreed with potential actions. For example, there were no proposed carbon impacts associated to the proposed areas and how these proposals relate to the overall carbon budget requirement. Stakeholders appeared to be offered a series of ideas rather than evidence based proposals.

Many of the potential actions are not substantive enough to be considered an Action Plan. They are, at best, statements of areas which are well understood to be a requirement to achieve emissions reduction. For

¹³ National Assembly for Wales, 2018. [Statement by the Minister for Environment: The Environment in Wales.](#)

¹⁴ Welsh Government, 2017. [Prosperity for All: Economic Action Plan.](#)

example, in the Housing Stock section it says Welsh Government will 'Develop a long-term, evidence-based residential retrofit programme'. This should have already been developed. Welsh Government has done much work on developing an evidence base and previously consulted on it. The CCERA Committee has done many reports on what action is required and consulted with stakeholders who have done a lot of research in this area.

An extensive retrofit programme is a critical element of decarbonisation but the budget allocations – £27m for 2019-20 and £23m for 2020-21 for to NEST and Arbed – appear to be considerably less than allocated in the last Assembly term. Given the scale of change required, this would seem an under-investment and a miss opportunity.

For years, WEL members have called for home energy efficiency to be a cornerstone of Welsh Government policy. We have advised that WFG Act could be used to lever funds from across departments as its outcomes related to so many different areas. An innovative approach of pooling of budgets is not visible in this budget.

However, there are many ways to decarbonise and we welcome a case study given on Brexit & Our Land proposals, regarding driving sustainable growth and combatting climate change. WEL is pleased to see this highlighted as it is a real opportunity to use public funds to decarbonise agriculture and ensure it creates resilient and restored ecosystems. We have responded to the consultation, as have thousands of people through e-actions, in favour of the proposals and the opportunity to restore nature. This will be a key area going forward to decarbonise.

3. Do you have any concerns you wish to draw to the Committee's attention?

Loss of core funding for environmental NGOs

Charities in receipt of core funding from the Environment and Sustainable Development Directorate have been informed that funding has been re-aligned to focus on projects and core funding will no longer be available. For a network organisation like WEL, this will cause us significant difficulties as our ongoing policy and advocacy work is not project-based. WEL enables its members to work together on environmental policy development, building capacity and trust between organisations by sharing expertise and knowledge. Core funding allows us to provide representation from amongst our membership on a wide variety of Welsh Government stakeholder forums, ensuring that the third sector's voice is heard when key environmental policies are developed. As the loss of Welsh Government core funding also affects our members, this could increase the impact on our income due to the potential loss of future WEL membership subscription fees.

Fundraising for core costs such as rent, insurance, governance and essential salary costs can be time-consuming and resource-heavy, particularly if income is derived from multiple funders with different timescales and varying models of full-cost recovery. If these costs can be met from core funding, then some of the energy that is often spent on juggling applications and cash-flow can be redirected, allowing organisations to be more responsive, agile, independent and forward-thinking. Relieved of the pressure to factor in essential costs to project grant applications that may or may not be successful, core funding also allows organisations more capacity and space to plan, develop and innovate, which in turn helps deliver more responsive and relevant services to our communities.

Without knowing what our success will be in seeking alternative funding, **we cannot be sure that WEL will be able to continue in its current form.** This clearly has a significant impact on our ability to plan work beyond a few months or to assure our members that we can continue our current work streams or other levels of support as a network. It also makes our capacity to contribute to future policy development, and public awareness of environmental issues and solutions, less certain.

There is a continued tendency to fund short-term projects in this sector, and core funding from Trusts and Foundations is increasingly rare. Core funding is important to ensure eNGOs can have stability for the long-term and provide suitable long-term contracts for staff. Local authorities and health organisations have also been calling for longer financial settlements, because they suffer from similar problems when there is only short-term, restricted funding available. This, in turn, restricts the sector's ability to engage in meaningful

partnerships with the public sector and creates uncertainty around projects and delivery. It also restricts the ability of charities to enter into research projects with Higher Education Institutions as research grants are often over a number of years.

Such a short transition period away from core funding is both short-sighted and unrealistic for the sector. In order to retain capacity, skills and knowledge, a move away from short-term project funding to longer term tapered measures, that embrace full cost recovery principles, is recommended.

A requirement of the Wellbeing of Future Generations Act is embedding the Sustainable Development Principle, which includes applying involvement and collaboration. The approach of Welsh Government – to reduce or eliminate core funding of third sector organisations – means we are potentially less able to engage in meaningful partnerships and collaboration. We therefore question the Welsh Government's delivery of the Act in this respect.

Moreover, the provision of core funding to some WEL member organisations has enabled them to lead the development of ambitious collaborative projects, bringing in large-scale external investment into Wales from sources such as EU LIFE funds, and securing a very healthy return on investment for Welsh Government interventions. Without core funding, capacity to develop and lead such collaborations is limited.

[Approach to preventative spending and how is this represented in resource allocation](#)

WEL believes that 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. Spending under other portfolios also needs to ensure it maintains and enhances a biodiverse natural environment with healthy, functioning ecosystems. For a Third Sector Partnership Council meeting, **WEL produced the attached paper on Preventative Expenditure and the role of the environment**. Please see this for more detailed analysis.

Priority actions need to be identified and then allocated sufficient resources, in order to be delivered effectively. Natural Resources Wales has a key role to play in identifying and implementing nature based solutions, e.g. through the development of Area Statements, which could be a key vehicle to identify where preventative spending needs to be focused. It would also be useful to see how much of the environment budget, including resources allocated to NRW, is currently spent on remediation or alleviation measures, compared with preventative measures.

In the area of preventative spending, **the Welsh Government could show strong leadership to other countries in how to switch budgeting decisions to a preventative approach**. For example, air pollution appears to be currently viewed as an environmental issue and sits within the Minister for Environment's portfolio. However, air pollution impacts are largely health-related. If we switch the way this issue is viewed – from an environmental issue to part of the public health agenda – more integration across portfolios and increased investment might be seen. This could include money from the Health MEG to address some of the root causes. For example, changing the public's behaviour to take public transport in congested areas; and increasing investment in walking and cycling infrastructure.

Tackling air pollution is also likely to lead to reducing carbon emissions, so as well as preventing air pollution it is also preventing the impacts of climate change. More active travel will also help the public health agenda by making citizens fitter. So investment by one government department ends up benefitting the other. The Welsh Government should be testing this approach, perhaps by pooling budgets and developing ways of measuring these cross-departmental benefits, for current and downstream impacts. This could lead to a different way of reporting on budgets and annual reports on impacts.

The pace of Welsh Government progress on this agenda is concerning. Three years have passed since the Well-being of Future Generations Act was brought into force, yet the Welsh Government seems to have done little to change its approach. The Future Generations Commissioner is currently working with Welsh Government on this agenda, so we hope this drives progress. For WEL members, the lack of pace and demonstrable impact regarding the preventative agenda and related budget approach is another sign the

Wellbeing of Future Generations legislation is not driving change at the pace needed to tackle many of the challenges faced, particularly from an environmental degradation perspective.

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.

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.

