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26th November 2020

FOA Finance Committee

RE: Welsh Government draft budget proposals 2021-22

The Marine Conservation Society (MCS) welcome the opportunity to respond to your pre-budget scrutiny for the Welsh Government's draft budget 2021-22.

MCS is the leading UK's leading marine charity. We work to ensure our seas are healthy, pollution free and protected. Our vision is for seas full of life where nature flourishes and people thrive. We have actively been working in Wales to improve the health of Welsh seas for the past 13 years.

Our primary focus for this response will be in relation to **Environment MEG** spending.

Question 1: What, in your opinion, has been the impact of the Welsh Government's 2020-21 budget including recent funding related to COVID-19?

We are concerned about the impact that both Brexit and COVID-19 has had on the ability for the **Marine and Fisheries Division** to carry out their 2020-21 work programme.

In the Welsh Government's May 2020 supplementary budget¹, £1.8 million of the Marine and Fisheries Division budget was re-purposed. Prior to this, this Division of the Environment MEG only originally had £4.9 million allocated for all work areas, which includes planning, licensing, fisheries protection, conservation, and non-cash investments previously made (such as new enforcement vessels). The ability for this Division to undertake their statutory duties during 2020 is likely to have been restricted by a much-reduced, already tight, budget.

As highlighted in previous responses, we remain concerned about the continued financial prioritisation of fisheries management within the Marine and Fisheries Division, which is only one work stream within marine management, yet receives a disproportionate amount of its funding allocation in the Environment MEG. This, for many years now, has resulted in a 'squeeze' on funding on all other marine conservation duties. It is well documented that well managed seas with fully functioning ecosystems bring about economic, environmental and societal benefits.

Furthermore, we have witnessed a clear de-prioritisation of nature though the reduction of the NRW grant by £7.5 million in the May 2020 supplementary budget. This is counterproductive to a green and blue recovery, given the value for money in delivering recovery added by NGOs and their important role in

¹ Welsh Government supplementary budget explanatory note, May 2020:

<https://gov.wales/sites/default/files/publications/2020-05/1st-supplementary-budget-2020-2021-note.pdf>



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administering nature based solutions, management, recovery, education and well-being. Without this vital money, the Welsh natural environment will suffer further degradation and social wellbeing will further decrease.

We are pleased about the recent announcement from the Housing Minister of £30 million pound allocated to help fund circular economy initiatives. It is unclear whether this is entirely “new” money (rather than repurposed from elsewhere in the waste Division) however, this is a welcome first step to moving towards a Globally Responsible nation.

2. How do you think Welsh Government priorities for 2021-22 should change to respond to COVID-19?

As a charity, we are re-budgeting and reprioritising. Welsh Government are undertaking the same process, and we are deeply concerned on the impact this will have on funding environmental management as a whole but, in particular, marine management, given this is already of low priority within Government and chronically under-funded:

Whilst we appreciate the unprecedented nature of the crisis, we have concerns about the redistribution of civil service work force from Marine and Fisheries Division to work on COVID-19 and on the longer term impacts this will have on the Division’s work programme, given many projects are already significantly delayed due to Brexit and budget restrictions. For example, the identification and designation of Marine Conservation Zones and the development of new fisheries bylaws within European Marine Sites are already lagging several years behind similar work programmes in England and Scotland.

Given the significant impact that COVID-19 and Brexit is likely to have on marine and fisheries legislation in Wales, **additional funding is needed** to re-establish domestic work programmes within the Division, and undertake new work on Brexit bills, given the urgency in which both the Fisheries Bill and Environment Bill are being advanced through Westminster.

We are aware that there has been a significant delay to the introduction of measures to tackle pollution in Wales, e.g. the introduction of a Deposit Return System for drinks containers, Extended Producer Responsibility, and charges for single-use plastic items. We are hopeful that some of these measures will be introduced in 2021-2. **The draft 2021-22 budget should therefore include full costings for the implementation of new waste prevention initiatives.**

We have serious concerns about the delay to statutory management of agricultural pollution, given that pollution incidents in rivers and on the coast continue to occur. Statutory measures should be introduced as soon as possible in 2021 and the new budget should reflect the cost requirement of the implementation of this.



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Welsh Government needs to fully consider finance required to tackle the Nature and Climate Emergencies in all future financial and policy decisions made in the 2021-2 year, across all portfolios, if they are to be able to set nature in Wales on a path to resilience.

3. How financially prepared is your organisation for the 2021-22 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?

COVID-19, and the subsequent actions taken by the government, have impacted the programmes that the Marine Conservation Society is able to deliver, the ways that stakeholders can engage, our ability to raise funds and the ways we work together. Therefore, we have modified the programme of our activities and methodologies, for example by increasing our focus on, and capacity for, on-line activities.

As a charity, it is difficult at this time to forecast for 2021-22. However, we have reviewed our expected income projections until the end of the 2020-21 financial year. We are anticipating income reduction of between 31-45%. However, if the impacts of the crisis affect our ability to carry out mass engagement activities for longer than 6 months, and if there are rolling lock-downs, then we anticipate that our income could be further affected, resulting in a further reduction from our initial projections.

To address the expected fall in income our charity is likely to face, without the need for redundancies, we plan to continue to reduce our expenditure as far as possible. Current and recent actions include: furloughing a third of our staff, freezing salaries, cancelling most recruitment plans and cutting training budgets, as well as savings as a result of reduced travel and event expenditure. We have paused plans for new projects, and will only invest in them if they are a key organisational priority and we receive restricted funding for them, which includes a significant contribution to our core expenditure on the programme related to the new project.

A continuation of the furlough scheme during periods of lock-down, and the ability for small eNGO's to access Welsh Government grants schemes that can support marine management actions, would provide some hope for our organisation's operational capacity and future growth in Wales.

4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?

Regarding transparency, we would be keen to **see a more detailed breakdown of draft budget allocation** within the different Divisions of Welsh Government, in order to facilitate a clearer understanding of exactly where money is intending to be spent within each of these.



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5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits to current Welsh Government borrowing within this Framework.

N/A

6. 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 any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2021-22 budget?

'Building Back Better' – responding to the Climate Crisis and Nature Emergency

Whilst we are pleased that the Welsh Government are committed to a 'green recovery' from COVID-19, it is unclear at this stage how this will be implemented and financed.

We have, this week, been made aware of a newly allocated £920K support NGOs as part of a Green Recovery Fund. We welcome the set-up of this fund, but it is a comparatively small amount of money, when compared with England who has put in the region of £80 million into a similar scheme.

We welcome the recent Welsh Government COVID-19 Reconstruction report, however it is not clear yet what the allocation of funding will look like for policy priorities within this document.

We have also seen little reference or acknowledgment generally from Welsh Government civil servants as to **how the green recovery will extend to the 'blue'**, to support management of the coast and seas surrounding Wales. The Welsh sea area managed by the Welsh Government covers approximately 30,000km². It is, in fact, **a third bigger** than the land area that it manages (comparatively, around 21,000 km²) and has huge potential for socio-economic and environmental recovery.

We hope that the Welsh Government's draft budget, when published in December, will reflect the financial and social importance of our seas and coasts and budget accordingly for a 'blue recovery'. A **'Blue Recovery Plan'** and increased funding for marine management will help to deliver policy commitments and restore confidence in the Welsh Government to be the Government for improving environmental standards.

Thank you for the opportunity provide evidence to pre-budget scrutiny. We hope you find our feedback helpful and you would like to discuss any of our points in further detail, please do get in touch.

Yours Sincerely,

C. Trotman

Clare Trotman, Policy and Advocacy Manager

Gill Bell

Gill Bell, Head of Conservation, Wales