



Climate Cymru Budget Consultation Response

Climate Cymru is an active network of over three hundred partner organisations from every sector in Welsh society, and a movement of over 14,000 individuals from across Wales who are concerned about climate change. [Warm This Winter](#) is a UK-wide campaign supported by leading anti-poverty and environmental organisations calling on the UK government to provide more emergency support for people struggling with energy bills this winter and a coherent plan to move the UK away from fossil fuels, through a rollout of home insulation and affordable renewables. Climate Cymru is running a sister [Warm this Winter campaign in Wales](#). As well as our campaigns on a Wales level, we are also concerned about our global responsibility as a Nation, and endorse action to support vulnerable communities Worldwide to prepare for, and adapt to, climate change.

Information about the consultation

Climate Cymru offered our network the opportunity to have input under the suggested questions below - stakeholders of the Warm this Winter campaign and the wider Climate Cymru network. The suggestions are in bullet point form, submitted by members of the network. Often there is consensus, but they do not always represent the views of every member organisation. We would also wish to be consulted earlier on in the process by Welsh Government in terms of shaping the Welsh budget. We need to ensure diverse stakeholders' perspectives are reflected in developments from an early stage.

Consultation questions:

1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?

- Chronic underfunding of energy efficiency over an extended period has left businesses and households struggling as prices have increased.

- We welcome Welsh Government initiatives to alleviate the cost of living crisis including the [£150 Cost of Living payment](#), a second £200 [Welsh Fuel Support Scheme](#) payment, [additional funding to the Discretionary Assistance Fund](#), a [£4m national Fuel Voucher Scheme](#) and a £1m 'warm banks' [fund](#). We support the implementation and roll out of such schemes so far as they are necessary during the cost of living crisis, and will try to do our part to help ensure those that most need it access this support.

2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures? How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

- The Welsh Government should support the economy by undertaking a rapid scale up of low-cost renewables in Wales - especially community or public owned renewables. There is a wealth of renewable companies in Wales investing in new technology, who are then reinvesting their profit into energy efficiency measures locally or supporting Welsh householders save on their energy bills. What will the Welsh Government do to further support companies in this area? We welcome the announcement of the publicly funded energy company. We want to know what investment will be put into this new company, what will it's set up look like, how can Welsh companies interested in this development engage positively with its creation?
- A big house retrofit programme (energy efficiency) would give an economic boost by providing high quality jobs in communities throughout Wales, as well as possible supply chain jobs in producing the materials needed. This should be an economic and investment priority for the Welsh Government given the multiple benefits.
- HS2 represents an enormous cost to the UK taxpayer, of which Scotland is getting its share via Barnett Consequential. Wales is not. Despite not a single track being within Wales, and any benefit to Wales being marginal at best. Lobbying to unlock these funds would be transformational to the rail network in Wales and have all sorts of positive knock on effects for Welsh businesses and economy.

3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis? How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?

- Energy bills have continued to rise since Ofgem's price cap was raised by 54% in April 2022. Meanwhile, inflation has soared to a 30-year high and the UK is facing the biggest fall in living standards since records began. For

many low-income households, energy bills were already unaffordable, but now millions more are being plunged into fuel poverty. The Energy cap recently announced is not a cap, as it is set on the daily charge and per unit of energy. There is no maximum cap of £2,500 for bills. More support is needed. We would like Welsh Government to go further by:

- Adjusting the current [Nest scheme](#) so that people living on the lowest incomes in the least energy efficient homes qualify for support to insulate their homes in a way which is quick and easy to access.
- Introducing free, or heavily subsidised, public transport for everyone for the period of the emergency and possibility of full implementation in the future.
- Accelerating the roll out of free school meals, sourcing food locally and responsibly.
- Extending free [childcare](#) to children aged two.
- It is a longer-term safety net, rather than immediate support, but a range of Climate Cymru partners are urging support for the [Back the Bill](#) Right to affordable Housing legislation.
- Introducing an urgent rent freeze until March 2023 subsidised by the Welsh Government & exploring legislation on how “[fair rents](#)” might be able to make the private rented sector affordable for local people on local incomes.
- Directly supporting workers in low paid sectors, for example [social care](#) and supporting the [living wage campaign](#).
- Providing support for people experiencing poverty due to their role as [carers](#), for example giving *all* unpaid carers cost of living financial support, not just the estimated 10% of unpaid carers who are in receipt of [carers allowance](#).
- Providing automatic referral to energy efficiency schemes for vulnerable households.
- Establishing a [Welsh Benefits System](#) to make the series of devolved grants and allowances that already exist in Wales (Free School Meals, Council Tax Reduction Scheme) work better by bringing them together into one cohesive system.

Welsh Government should also join us in lobbying the UK Government to:

- Make up the shortfall that low-income and vulnerable households face between the levels of support already committed and the overall rise in the cost of living in the year to April 2023. The fastest and most efficient way to achieve additional support would be through further payments through the social security system.
- Raise funds for these measures by imposing a genuine windfall tax on energy companies’ profits, and scrapping incentives to scale up extraction of fossil fuels.
- The future Generations Office have a new paper [here](#) with their suggestions on how Welsh Government should respond to the cost of living crisis - very aligned with the Warm this Winter [demands](#), co-created with hundreds of organisations around Wales.

4. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being

targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

Homegrown renewable energy like solar and wind energy are now much cheaper than electricity from fossil fuels. For example, this report demonstrating offshore wind is now more than [nine times cheaper](#) than gas. In Wales, we have excellent examples of companies producing renewable energy locally to benefit people in our communities. This helps Wales and UK's energy security and independence, it cuts the cost of energy production in both short and long term and the schemes are [community owned](#), ensuring profits go to Welsh communities instead of multinational energy companies.

We call on Welsh Government to:

- Set up [Ynni Cymru](#) in collaboration with civil society and interested partners in Wales, and to explore where further devolved powers are needed to enable Wales to use its own renewable energy sources.
- Support recommendations in the Institute for [Welsh Affairs report 'A plan for Wales' renewable energy future'](#)
- Implement a renewables workforce plan to equip Welsh people with the skills we require for the industry to thrive.
- [Improve funding for research and development in Wales](#) as without sufficient funding, Higher Education Institutions here will not be able to compete with HEI's elsewhere to develop new advances in sustainable technologies.
- Ensure that the roll-out of renewables is in [harmony with nature](#) to minimise any negative impacts.
- Public education and engagement around renewables and how sensitively used renewables can be nature positive - still a lot of opposition based on myths and outdated information, and often a lack of understanding and context allows anti-net zero groups. think tanks to stoke public opinion against renewables on the basis that they are the ones 'speaking up for nature'.
- Other aspects of a green future should be considered when deciding on the best location for Solar PV - e.g. land that is sloping, over buildings and car parks, and not on areas that are ideal for community food growing or prime agricultural land.
- Scale up and support community renewable projects, and allow them to sell energy locally, so that the profits and benefits go to communities.
- Urgently develop and implement a commitment to [net zero by 2035](#), including scaling up renewables.
- Implement a clear plan for expanding and developing [low carbon heating in Wales](#).
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Welsh Government should join us in Lobbying the UK Government to-

- Formulate views on the reform of the [energy market alongside partners in Wales](#), and communicate the conclusions to the UK Government.
- Support Power for People in lobbying Westminster on the Local [Electricity Bill](#). The Bill is to enable electricity generators to become local electricity suppliers.

Free us from fossil fuels

- As global gas markets soar, people and businesses across the country are being directly impacted by the UK's reliance on expensive fossil fuels. At the same time, the investment allowance in the [Energy Profits Levy](#) (windfall tax) and other tax loopholes are depriving the UK economy of vital income. The [UK-wide campaign](#) is calling on the UK government to stop opening new oil and gas fields, including new licensing rounds, and stop subsidising new drilling with public money. Wales has a leadership role to play, especially as it is part of the [Beyond Oil and Gas Alliance](#). The Welsh Government should seek to work with the UK Government to build a cheaper and more secure renewable energy supply. We require consistent, sustained action from the Welsh Government to show leadership and ensure a just transition for workers in industries currently reliant on fossil fuels. We also need a culture change towards self-reliance without fossil fuels, a closer relationship to the sources of our energy.

We call on the Welsh Government to:

- End the extraction, extension, and expansion of coal in Wales, and commit to using its veto powers to stop any proposal or application for coal in Wales.
- Not issue any further licences, or extension of licences for gas or oil and to continue its clear and comprehensive opposition to any [fracking in Wales](#).

Welsh Government should also join us in lobbying the UK Government to:

- Ensure Wales gets its fair share of funding based on need, as households in Wales are hit hardest by the energy crisis.
- Urgently impose a windfall tax on oil and gas companies to help finance support for the most vulnerable households and ensure that ordinary people, and our children, are not picking up the bill for the significant sums of public money going to energy companies under the Energy Price Guarantee scheme.
- The Energy Price Guarantee will now come to an end in April 2023, as announced by the New Chancellor. We need the Welsh Government to engage with the UK Government to seek clarification as to who will get support after this point. The unfrozen price cap is now expected to rise above £6,000 from April 2023, which creates a massive cliff edge for families.

Just transition

- The window to allow a smooth Just Transition to a green economy has probably already closed & we are seeing the impact of that now both here in Wales & across the world. The people least responsible here in Wales & globally are impacted most. We welcome the forthcoming call for evidence from WG on a Just Transition (Dec 2022) & ask that this evidence is used to inform the budget moving forward.
- For years we've been promised moves towards an integrated impact assessment, in line with the Future Generations Act, and we have been

calling for a 'carbon budget' to be published as part of the fiscal budget process - so that all spend is measured against its impact on emissions, not just what positive investment there is. Increasing spending on tackling the climate and nature emergencies is of course welcome, but we also need a commitment that there should be no spend that has a negative impact on our emissions. Other issues such as equalities impact, child rights assessments must be considered. It would be good to know what's happening with this and it should help inform the just transition of the budget by flagging any potentially negative impacts on specific groups of people & trying to mitigate them.

Is enough investment being made to address the climate and nature emergency?

- We cannot objectively answer this question because we do not have the information we need to be able to do so. What are the estimated GHG savings predicted as a result of this budget spend? We should be able to see the estimated GHG emissions connected to the spending proposals as part of the 23-24 budget package. How are financial decisions appraised to assess emissions? What progress is the Welsh Government making in aligning financial and carbon budgeting? What advice has been taken on board from the Budget Improvement Advisory Group on how carbon impacts are considered? How do we know whether the whole budget spend results in a carbon saving?
- No. The pace, scale and urgency of investment and subsequent action on the ground, does not match the seriousness of the situation.

Race to Zero initiative

- Wales has signed up to this initiative, but cannot achieve the ambition and targets set by the initiative, without aligning council funding to the race to zero initiative and increasing financial support for them to move effectively, and within the timeframes that the science demands.
- Provide funding for every local authority that wants (or working in regional partnerships) to commission specialist:
 - Carbon footprint analysis of their geographical area - showing the local responsibility for scopes 1, 2 and 3 emissions
 - Local decarbonisation trajectory analysis in line with the Paris Agreement science and equity principles, and aligned to Race to Zero
 - Guidance on the decarbonisation projects needed in their local area to meet the Paris-aligned targets

Skills gap?

- There are massive skills gaps in the retrofitting of housing / food growing skills/ land management for multiple purposes- biodiversity, protecting carbon sinks/ sustainable procurement/ urban planning, permaculture and soil regeneration skills etc.
 - The Welsh Government should have already worked with the skills sector to map these out. This is critical and has significant benefits with jobs, unlocking growth in the green economy.
 - This example in Swansea bay, where they can't spend allocated money because of skills gap - article [here](#)

5. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation?

- We encourage the Welsh Government to be bolder and more innovative in considering funding options, working with councils who have additional powers and considering using its borrowing powers.
- Consider the potential of divesting pension funds from fossil fuels and other negative investments and exploring whether these public funds could be invested in carbon-reducing public projects in Wales.
- Align regulations so they no longer prevent the transition out of fossil fuels, e.g. remove those that deter the use of second hand and that deter renewables for own or community use. These must become permitted development or they will not succeed. Every sector that tries to reduce carbon meets these barriers to progress that make it just too hard. Regulations should make it easy for people to do the right thing, and harder to do the wrong thing - this is

6. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

- **Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**
- The lowest bracket of income, the working poor, are often forgotten, and should be considered for many of the policies aimed exclusively at those on benefits. We have also previously said that we want to see more support for carers, and support the campaign for a real living wage. We wish to see more support for women in the workplace, as women are generally on lower wages than their male colleagues. We also must see more investment in childcare, and an assessment of the possibility of introducing co-operative models of childcare as the private system is one of the most expensive in the Western World.

- **Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic.**
 We would like to see more support for young people who wish to take part in environmental and climate change issues on a grassroots level. These types of activities can help support the development of young people, be it through the education system or as extra-curricular. A COP 27 youth summit was recently organised by the WCIA and its partners. This type of positive engagement and discussion allows young people to discuss important issues of the day, to become active citizens, and play a positive role in our society, especially when they have faced so many challenges during COVID.
- **Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.**
 - See comment earlier about the need to consider an integrated impact assessment, in line with the Future Generations Act. A 'carbon budget' to be published as part of the fiscal budget process - so that all spend is measured against its impact on emissions, not just what positive investment there is.
- **Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?**
 - Investment into energy efficiency for organisations, or partial support, would not only help with current cost of operations, but help energy security, climate and the wider green economy.
 - Many charities will be hosting 'warm banks' or 'warm spaces' this winter, as the cost of living hits, and we call for support for charities who are carrying out this vital work at a time when their own budgets are being squeezed.
 - We also wish to see more support for advice services, so that advisers can reach people the length and breadth of Wales.
- **What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the wellbeing goals in the Well-being of Future Generations Act)?**
 - Investment in and reform of the Town and Community Council Sector. We are painfully aware of the often archaic, haphazard and ineffective approach of this sector which reaches many communities in Wales, and has huge untapped potential for environmental and societal impact.

- People must see that the Future Generations Act teeth uses its teeth, and that it can make a difference when people reference it or use it as part of community campaigns or initiatives. We understand that people have sought to use the act to campaign against the removal of, for example, local green spaces, only for the process to go ahead regardless. We need to empower people with the Act itself or people may lose faith.