INTRODUCTION

The Sustainable Development (SD) Alliance is a group of organisations that cares passionately about the Wales we live in now and will pass on to the next generation. Our Alliance brings together over 30 organisations, from environment and development charities to faith and belief, language, community and women's groups. We share a commitment to shaping a sustainable future for Wales – fighting for social justice in Wales and around the world and doing so within the environmental limits of our one planet, using only our fair share of resources.

CONSULTATION RESPONSE

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

The Environment & Rural Affairs MEG for 2017-18 was £383m, which does not address the needs of this area. This allocation has been on the back of sustained cuts to the environment and natural resources budgets over the last few years, which was recently highlighted in a letter to Finance Secretary, Mark Drakeford, by Wales Environment Link. This is very concerning, particularly given the need – recognised in Wales' legislation – to reverse the decline to biodiversity and ensure the resilience of ecosystems. This is also reflected in the State of Natural Resources Report, which flags up urgent concerns about our environment's resilience and can also be seen in ongoing concerns about Natural Resources Wales' capacity.

2. **What expectations do you have of the 2018-19 draft budget proposals?**

The SD Alliance expects to see the Welsh Government budget reflect the goals and principles embedded in the Wellbeing of Future Generations (Wales) Act 2015. The Act requires all Welsh public bodies, including the Welsh Government, to act in accordance with the sustainable development principle. Given that the budget underpins the actions that Welsh Government will take in the next twelve months, the budget must also work in accord with the principles. In general terms, this means we would expect to see:

- A clear shift in expenditure towards progammes aimed at preventing problems occurring e.g. energy efficiency measures preventing fuel poverty at a large scale; habitat creation to reverse biodiversity decline; habitat restoration to build ecosystem resilience; using the best evidence to tackle flooding and air pollution (with 'nature based solutions', to use language from the Natural Resources Policy); and investment in anti-poverty programmes to promote equality and reverse deprivation.
- Financial arrangements, such as pooled budgets, that encourage and require collaboration between Welsh Government departments and among public bodies, which facilitate the achievement of multiple well-being goals. These ideally should be linked to the delivery of the wellbeing objectives.
- An emphasis on addressing long term problems such as tackling poverty, natural resource depletion and climate change.

It is essential that such shifts in monetary allocations, and the reasons for them, are clearly explained in the narrative accompanying the budget so that public bodies in receipt of funding are fully aware of how they will also need to change their approach to budget setting.

It's important that the Welsh Government shows leadership in implementing the framework of the Wellbeing of Future Generations Act and there needs to be coherence across policy areas. The Welsh Government's policy and spending should be pulling in the same direction and planning for the long term; policies that have a counter-productive effect need to be removed. For example, as Wales moves towards renewable energy, it is counter-productive if Welsh public sector pension funds remained invested in fossil fuels.

To drive change on our path towards sustainable development, there are four over-arching areas that the SD Alliance would expect to see prioritised within the budget:

- To transition to a low-carbon and resource-efficient economy.
- To reduce consumption and promote sustainable production.
- To ensure a comprehensive decarbonisation programme across all MEGs. One of the ways this can be demonstrated is via a carbon impact assessment of the fiscal budget.
- To ensure natural capital is recognised and investment increased in line with delivering on the Natural Resources Policy. WWF has recommended – in the report 'A Greener Budget: choices for a prosperous future' – that there is a 'natural capital stress test' at the heart of budget-making.

In addition, a budget needs to be allocated for activities that contribute towards the wellbeing goal of 'a globally responsible Wales', such as the Wales for Africa programme. Wales for Africa activities are beyond the remit of climate change mitigation and adaption activities, so are not part of that budget line. The are other organisations, such as the Size of Wales, which addresses both climate change and tackling poverty internationally, so also fulfils the global goal. It would be helpful for the positive impact of such programmes to be recognised and to therefore encourage wider participation from public bodies, in line with Wales' commitment to the UN Sustainable Development Goals.

3. 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?

1) Financing of local health boards and health and social care services

The NHS is the biggest expenditure of the Welsh Government, so should be an exemplar for sustainable development in terms of procurement. Contracts should be predicated on ensuring products are sustainable, e.g. MSC certified fish, FSC certified timber and Fairtrade tea, coffee, sugar and cotton. The NHS Wales Shared Services Partnership has already enacted this through its fish procurement.

In terms of health services themselves, social prescriptions ought to be implemented, to stress the importance of access to natural green spaces. This is important for both physical activity and mental wellbeing. Both the RSPB report 'Natural Health' (and the more in-depth report 'Natural Thinking') and the Wildlife Trusts report on 'Wellbeing benefits from natural environments rich in wildlife' outline the array of positive impacts the natural world provides to people. There are also several reports concerned with young people's disconnect from nature, which could be causing problems later on. The National Trust describes it as 'Nature Deficit Disorder' in their report 'Natural Childhood', which is evidenced in both children and adults, particularly in urban areas.

2) Approach to preventative spending and how is this represented in resource allocation

The Welsh Government could certainly have more focus on preventative spending across the piece, rather than just in health. For example, energy efficiency programmes are one of the best preventative investments for people's health, for good housing stock, keeping people out of poverty and decreasing carbon emissions. A large-scale energy efficiency programme would also upskill and re-skill those in the construction sector. A WWF Cymru report from 2012 showed that by bringing all the least efficient houses in Wales up to a rating of D it would "*reduce greenhouse gas emissions from the housing sector by 40% and reduce the number of households in fuel poverty by 40%.*" There is a more recent report by WWF and the Energy Saving Trust that looks at the progress towards meeting the target of reducing Welsh emissions by 40% by 2020 (compared to the 1990 baseline).

Similarly, investing in environmental protection is preventative in terms of protecting future generations from developing climate change problems. Carbon budgeting is an inherently preventative measure by reducing the damage our emissions are causing. Investment in environmental protection and restoration to ensure our ecosystems are resilient – and can support social, cultural and economic resilience – is key for Wales' future.

3) Sustainability of public services, innovation and service transformation

Procurement is one of the best levers to direct public spending to sustainable choices, and to ensure a market for the business which is transitioning to sustainable production. For example, all Welsh Government contracts and buildings can switch to sustainable products including: MSC certified fish, FSC certified timber and paper, and Fair Trade. By using contract management techniques, businesses can be pushed to lower their carbon emissions and move towards carbon neutral fleets and premises. The Welsh Government should exemplify good practice for their own carbon neutral premises, including initiatives like microgeneration on all authority buildings and rain water harvesting.

4) Welsh Government policies to reduce poverty and mitigate welfare reform

As the economy transitions to a low-carbon one, decent work for workers should be guaranteed. Oxfam's report from Scotland explored what 'quality work' looks like from workers' point of view. In Wales, the Welsh Government can, to some extent, improve and enforce basic employment conditions and create effective employment strategies. They can also establish a 'Business Pledge' model, similar to Scotland's approach, where the Pledge is a commitment by accredited companies to adopt fair and progressive business practices, based around various components. Better labour market data is also essential to understand the extent to which people's needs are being met. This is can all be enhanced through the Welsh Government's Code of Practice for Ethical Employment in Supply Chains.

Decent work should also come with a decent wage; Wales could become a Living Wage Nation (using Living Wage Foundation rates of pay) by ensuring that all Welsh public bodies are Living Wage accredited employers, and using levers such as procurement and grant funding to incentivise employers to provide decent work with decent conditions.

5) The Welsh Government's planning and preparedness for Brexit

Environmental standards, agricultural policy and fisheries are some of the most significant areas that a post-Brexit UK will need to legislate for, which does bring forward opportunities for improvement and reform. Wales Environment Link has put together a Sustainable Land Management Vision for a post-Brexit Wales, centred on the need for a new agricultural policy. Farming subsidies should be refreshed to a 'public money for public goods' model with payments for ecosystems services.

The Welsh Government also needs to ensure that important EU environmental legislation protecting wildlife and the environment is retained and strengthened in Wales in the long term; there have been a number of welcome statements relating to this, but no detailed commitments to date.

6) How the Welsh Government should use new taxation and borrowing powers

There is a lot of possibility for innovation in using new taxes, which The Bevan Foundation highlighted in their report: 'Tax for Good: Devolved taxes for a better Wales'. Suggestions on taxing sun beds, polystyrene packaging and sugar should all be explored within the context of the Wellbeing Goals.

7) How evidence is driving Welsh Government priority setting and budget allocations

It is deeply worrying to have seen reductions to environment and natural resources budgets over the last few years, with ongoing concerns about Natural Resources Wales (NRW) having sufficient funds whilst their remit and responsibilities increase in embedding the Environment Act. It's important they are adequately funded as they put together Area Statements which deliver the Welsh Government's Natural Resources Policy, as well as their existing regulatory and monitoring requirements.

In their last budget scrutiny, the CCERA Committee highlighted NRW's request for three-year budget settlements to better manage the challenges they are facing. NRW's State of Natural Resources Report (SoNaRR) provides the evidence base to show that none of Wales' ecosystems is resilient and we need to address this if we are to maintain and enhance the benefits we gain from the natural environment. As mentioned above, evidence identified in SoNaRR should be clearly driving priority setting and budget. Now the Natural Resources Policy is published, the SD Alliance would expect the budget to support delivery of this and set out how it will be delivered across Welsh Government portfolios.

8) How the Future Generations Act is influencing policy making

The SD Alliance is concerned that the Welsh Government's approach so far has not been delivering fully on the Wellbeing of Future Generations Act. There has been no participation of organisations from the Alliance in the development of the Wellbeing Objectives or the cross-cutting strategies. We do not consider this as effective engagement required under the Act's five ways of working. This is a considerable failure of the Welsh Government in its main strategic requirements of the Act; if this is not being achieved it does not send good signals for what is taking place across rest of organisation.

This was inconsistent with the Welsh Government's previous commitment to engage with stakeholders on how the strategies are formed. The Finance & Local Government Secretary said in a written statement on the wellbeing objectives that they *"will be tested further through the development of the strategies and will engage businesses, public bodies, people and communities in this important work."* It is very disappointing that this did not take place.

In addition, the WFG Act does not seem to be changing the Welsh Government's decision-making. The continued commitment to the M4 relief road, for example, in spite of advice from the Future Generations Commissioner that it is 'ill-conceived', is a significant failure to consider the WFG framework in policy decisions.

SD ALLIANCE SUPPORT

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