

## **Written evidence submitted by Ceri Davies, Executive Director of Evidence, Policy and Permitting, Natural Resources Wales (SPF0021)**

Natural Resources Wales (NRW) welcome the opportunity to provide written evidence to the Welsh Affairs Committee inquiry into Wales and the Shared Prosperity Fund.

NRW and our predecessor bodies (Countryside Council for Wales, Environment Agency Wales and Forestry Commission Wales) have successfully delivered a wide range of European Structural and Investment funded projects securing over £10's millions. These have been for a wide variety of projects supporting Wales Coast Path, a metal mine remediation scheme, native Welsh Oysters, communities and nature regeneration projects, biosecurity planning as well as supporting very significant flood and coastal risk management programmes.

NRW is also a member of the Programme Monitoring Committee, Regional Investment for Wales Steering group and technical working groups.

The key points in our response are:

- We strongly support the view that Wales should receive the same level of investment as in previous structural funds. This could be done by baselining the annual amount which Wales has received during the round of EU funding that is coming to an end;
- That this funding should be managed in Wales to enable us to deliver on Welsh policies and agendas;
- We would want to see future funding align with and value the fundamental links between resilient high quality natural resources and a thriving economy and society, recognising the economics of biodiversity and potential of green growth.
- The funding should deliver on unique Welsh legislation such as [Well-being of Future Generations \(Wales\) Act 2015](#) and [The Environment \(Wales\) Act 2016](#) and use the opportunities identified in the [Natural Resources Policy \(NRP\)](#) and our climate change adaption plan [Prosperity for All: A Climate Conscious Wales](#).
- In the development and delivery of the Framework the principles for the Sustainable Management of Natural Resources need to be applied: long-term, preventative action, scale, multiple benefits, adaptive management, collaboration and engagement, evidence, building resilience and public participation.
- Funding needs to be ambitious and contribute to addressing our Climate Emergency and Nature Emergency.
- We recognise that COVID-19 has dramatically changed our circumstances since this inquiry was launched and that economic, societal and environmental challenges will be even greater. We believe that delivering nature-based solutions, growing the green economy, the circular economy and taking a place-based approach are critical to improving the resilience of our ecosystems and delivering the economic recovery that is going to be needed once the initial crisis is over.

## **1. How effective have existing arrangements for the management of European Structural Funds been?**

NRW has successfully delivered a number of large European Structural funded projects with significant benefits for the environment, society and economy in Wales. We would welcome a more streamlined process with reduced administration but recognise the experience that the Welsh European Funding Office (WEFO) are able to bring.

We would want the replacement framework to be focussed on ensuring the resilience of ecosystems which will support healthy communities and the economy and linked to the Programme of Government, WFG Act, Environment Act and Natural Resources Policy.

We would strongly support the continuation of Wales managing it's own funding allocation to ensure priorities are delivered in Wales.

We also support the collaborative approach taken by Welsh Government to ensure smaller third sector organisations have still been able to apply for funding via delegated authorities such as WCVA, as well as delivering large strategic projects via WEFO.

## **2. What impact have Structural Funds had on the Welsh economy?**

NRW and our predecessors have led or been involved in a number of projects with significant impacts including:

- Within Flood Risk Management ERDF WEFO funds enabled us to deliver substantial flood alleviation schemes between 2009-14 as NRW and within our legacy work as Environment Agency Wales amounting to almost £15m, these projects have helped reduce the risk of flooding to 2,315 homes and 419 businesses (2,734 properties overall).
- The 'Communities and Nature (CAN)' project was part of the ERDF 2007 – 2013 programme. Its purpose was a) to generate increased economic growth and sustainable jobs by capitalising on Wales' environmental qualities b) to ensure the benefits of the initiatives' (projects') activities were shared with disadvantaged groups and c) to provide high quality local leisure opportunities and improved the attractiveness of the local area.
- The EMFF project "Biosecurity Planning for Pen Llyn a'r Sarnau Special Area of Conservation" is a project currently working with local fishermen and other partners to map the distribution, and assess the potential impacts, of non-native species in the marine protected area. Working with partners, the project is developing a biosecurity plan to reduce the risk of introduction of new non-native species and prevent the spread of existing non-native species. The project will work with local authorities to embed the plan through local planning policies and undertake a lessons learnt exercise to inform biosecurity planning in other marine protected areas.
- Frongoch Metal Mine Remediation project secured ERDF funding to prevent rain and surface water from coming into contact with contaminated mine waste, thus reducing amounts of metal being mobilised and entering Frongoch Stream. This had positive impacts on wider River Ystwyth catchment, improved biodiversity, improving WFD

ecological status and subsequently improving the Cardigan Bay Special Area of Conservation.

These projects have delivered on environmental, social, cultural, societal and economic objectives however, as highlighted by the identified Nature and Climate emergencies, there is a new sense of urgency to ensure the condition and resilience of ecosystems. Investing in and valuing biodiversity is the only way to ensure the long term economic prosperity of future generations.

### **3. What lessons should be drawn from previous rounds of European Structural Funds in Wales?**

There are a number of points we would make from our experience:

- Maintain Cross Cutting themes as this important tool to ensure that all projects are underpinned by common principles of equality and sustainable development.
- Maintain a longer funding cycle. The management of funding rounds over multiple years allowed flexibility and reassurance to deliver significant projects which spanned multiple years. Our typical funding for Flood Risk Management work is allocated on an annualised process which makes planning work over the medium term difficult, the funding arrangements through WEFO for the ERDF funds based on a multi-year agreement and fixed grant percentage minimised potential risk and disruption potentially caused by other more short term funding arrangements
- It may be worth considering differentiated interventions rates, particularly to support Third Sector and especially in light of Covid-19 and the anticipated economic downturn.
- In recognition that for sustainable economic outcomes ecosystem resilience is critical, we would want to see a stronger environmental focus in the Framework.
- It would be helpful if there is one fund rather than various streams of the same fund, otherwise there are inevitably projects that fall between streams. The development of the fund should also look more broadly across other funding sources (e.g. LIFE replacement) to ensure that there are no gaps and to ensure the continuity of existing important activities.
- A replacement framework should link in with broader strategies and policies around the sustainable management of natural resources already in place. For example, future framework should have mechanisms to supporting the implementation of the Welsh National Marine Plan, and ensure that management actions prioritised within the annual MPA Network Management Action Plans are supported.
- Indicators used in the framework to monitor and evaluate the success of funding take into account the diversity of ecosystems and the range of challenges in demonstrating outcomes. For example, there is a challenge in producing supporting evidence in the marine environment on improvement in condition, so indicators need to allow for this, by accepting changes to activity levels as indicators of success. Furthermore, indicators and criteria should be aligned with priorities for natural resource management in Wales. For example, a challenge during the development phase for our Marine Protected Area (MPA) work, was the limited focus of MPA indicators in the current EMFF round, which were focussed on increasing the area of MPAs. 69% of Welsh Seas are already protected within the existing network, and the current priority for Wales is improving condition of features across the existing MPAs not increasing the MPA network.

- Historically there has been little synergy between the European Structural and Investment Fund and CAP in Wales. There is an opportunity to better align here, improve the Sustainable Management of our Natural Resources by aligning policies looking to incentivize how we use and manage our natural resources.

#### **4. What should be the priorities and objectives of the Shared Prosperity Fund and what, if any, improvements are needed to the current European funding system?**

In Wales the Shared Prosperity Fund should align with the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. The WG Natural Resources Policy (NRP) draws on evidence from the first [State of Natural Resources Report \(SoNaRR\)](#) and recognises the clear business case for investing in our natural resources as a cost effective approach to bringing prosperity to the whole of Wales and delivering on 'Prosperity for All - the national strategy'.

We would want to see a stronger emphasis on long term Green Growth and the three national priorities as identified in the NRP for the management of our natural resources:

- Delivering nature-based solutions;
- Increasing renewable energy and resource efficiency; and,
- Taking a place-based approach.

WG has published their consultation 'A Framework for Regional Investment in Wales' which we are collating a response to at this time, but broadly we are in agreement with the proposed approach. The priorities and objectives of the Shared Prosperity Fund need to embed ecosystem resilience and sustainable management of natural resources as this will ultimately deliver benefits for our economy, society and environment and contribute towards tackling our nature and climate emergencies. We welcome the inclusion of zero-carbon economy priority, however we would want to see more opportunities for adaption as well as mitigation, to support WG's Climate Change Adaption Plan.

WG has also recently consulted on 'Brexit and Our Land: Securing the Future of Welsh Farming' which considers a new Land Management Programme consisting of an Economic Resilience scheme and a Public Goods scheme. We are now engaging with WG on the Sustainable Farming Scheme. It is important that any proposed schemes are integrated to ensure cumulative benefits.

NRW has also previously secured significant funding from other European sources of funding, particularly LIFE, and would wish to see confirmation of how future projects, critical in delivering real practical solutions to our climate and nature emergencies, will be supported in the future. If there is no consideration of what may be funded under other replacement sources of funding, there may be significant gaps.

#### **5. What level of funding should Wales receive, and how should this be calculated moving forward?**

NRW strongly supports the case for bespoke provisions in Wales and the Welsh Government's call for 'not a penny less, not a power lost' as a result of Wales leaving the EU. Future allocations for Wales should maintain the current needs-based funding levels

received through ESI. We do not consider the Barnett Formula to be appropriate for this funding.

**6. Should funding be ring-fenced on a nation or regional basis or should the fund be open to competitive tendering?**

There is an increasing divergence of policy and regulatory approaches between Wales and the rest of the UK. Following Brexit the funding needs to support Welsh policy, therefore the funding should be ring-fenced for Wales but allow for cross-border collaboration.

We do not consider that competitive tendering is an effective method at a UK level in addressing the challenges that we face at this time. Competitive tendering can increase competition between potential collaborative partners and result in disproportionate amounts of funding to those organisations best placed to bid rather than those best placed to deliver. Competitive funding may also skew things towards 'easy wins' rather than more innovative projects with slower outcomes which may be important in addressing the nature and climate emergencies.

**7. What timescale should be adopted for each funding round? How should responsibility for funding and administering the fund be divided between UK and devolved governments?**

With only a few months to go until ESI funding programmes tail off, it is critical that the successor investment programme gets underway from early next year. This is particularly important in light of the economic recovery that will be necessary in response to COVID-19. We would support the current programme cycle of 7 years with projects being supported for 3-5 years.

As Wales has devolved responsibility for regional economic development and unique legislation, all funding for Wales should be administered here and used to deliver on policies developed in Wales. We can build on the Welsh European Funding Office (WEFO) best practice although there is an opportunity to consider administration arrangements and alternative delivery models. It would be helpful to consider how other funds align too, European, UK and Welsh, not just these structural funds, so there is a wider and better integrated approach.

The targets, outputs and outcomes for the funding should be aligned to Wales' agenda, with grant criteria, monitoring and evaluation specifically around the Wellbeing of Future Generations (Wales) Act and the Environment (Wales) Act.

**8. What role could, or should, local government and, where applicable, city or growth deals play in relation to the fund?**

To be effective and efficient, mechanisms should build upon existing structures and networks that are in place, such as Public Service Boards (PSBs) and their Wellbeing Plans, utilise priorities that have been developed in partnership with local government, particularly [Area Statements](#) (place-based collaboratively developed statements outlining

key opportunities and challenges in a locality) and which have been developed using evidence from SoNaRR.

## 9. Are there any implications for state aid rules?

No comment

I hope this response helps to set the context within which our consultation response has been made and addresses the areas raised by the Committee.

*May 2020*

## Our Roles and Responsibilities

- **Adviser:** principal adviser to Welsh Government, and adviser to industry and the wider public and voluntary sector, and communicator about issues relating to the environment and its natural resources
- **Regulator:** protecting people and the environment including marine, forest and waste industries, and prosecuting those who breach the regulations that we are responsible for
- **Designator:** for Sites of Special Scientific Interest – areas of particular value for their wildlife or geology, Areas of Outstanding Natural Beauty (AONBs), and National Parks, as well as declaring National Nature Reserves
- **Responder:** to some 9,000 reported environmental incidents a year as a Category 1 emergency responder
- **Statutory consultee:** to some 9,000 planning applications a year
- **Manager/Operator:** managing seven per cent of Wales' land area including woodlands, National Nature Reserves, water and flood defences, and operating our visitor centres, recreation facilities, hatcheries and a laboratory
- **Partner, Educator and Enabler:** key collaborator with the public, private and voluntary sectors, providing grant aid, and helping a wide range of people use the environment as a learning resource; acting as a catalyst for others' work
- **Evidence gatherer:** monitoring our environment, commissioning and undertaking research, developing our knowledge, and being a public records body
- **Employer:** of almost 1,900 staff, as well as supporting other employment through contract work