

# ECONOMIC LEVERS FOR A GREEN & JUST RECOVERY

## Introduction

The Welsh Government has substantial economic levers to use, which can be used to support a green recovery. In this paper we focus on a specific number of examples where some key spending of the Welsh Government can stimulate this economic growth. This includes ensuring that the procurement is linked with local communities and with a specific aim of improving public health and reducing the environmental footprint.

We would encourage the Welsh Government to consider how its economic leverage can be used to promote public health, equality, sustainability and a green recovery.

We have identified specific spending programmes, some of which undoubtedly require attention, which can be used to support environmental as well as other policy objectives. We believe that there is a wide range of other programmes which would do this, and these are meant as a selection of examples rather than a comprehensive programme.

### 1. Free school meals and sustainable food supply

We estimate 55,000 pupils living in poverty were not eligible for free school meals (FSMs) under the old benefits system (2019). Most of these pupils would soon have gained access to free school meals as the new Universal Credit system rolls out. This is because all families on Universal Credit are at present entitled to free school meals.

However, Welsh Government limits free school meals for families on Universal Credit to those earning less than just £7,400 a year. This is a missed opportunity, meaning those pupils who could have benefited in the future will instead continue to miss out. Meanwhile, Covid-19 has tipped many more families into food poverty—with [particular concerns](#) for pupil's physical and mental health

**Recommendation: During the coronavirus crisis, the Welsh Government should ensure that all children eligible for FSMs are in receipt of (nutritious) free school meals or equivalent provision (e.g. cash payment), whether in or absent from school (due to shielding or isolation), including those with no recourse to public funds.**

To provide context, the Healthy Weight Healthy Wales strategy [references school meals](#) and the (1<sup>st</sup>) 2-year [delivery plan 2020-2022](#) refers to commencing work to inform revisions to [Healthy Eating in Schools](#) and “through this work we will incorporate the latest government dietary recommendations”. This should encourage nature and climate friendly food production, and linking this sustainable production through public sector procurement into schools.

**Recommendation: The Government should ensure that the provision of Free School Meals helps to drive our farming and food production in Wales given the double challenges of Covid-19 and EU Exit that the sector faces. Since food is part of our foundational economy, the forthcoming review of the Healthy Eating in Schools Regulations should more closely align production and consumption strategies.**

## 2. Procurement and the environment

Amidst the COVID-19 pandemic, procurement functions are under incredible pressure to navigate supply disruption whilst maintaining cash flow. Buyers are urged to cut costs, sometimes cancelling orders or lengthening payment terms. However, these short-term strategies will come at a high economic and human cost.

The COVID-19 crisis has also forced businesses to collaborate and innovate. BITC has found that industries have come together to support common suppliers and enhance resilience across their extended supply chains. This has also enabled businesses to pivot to new production processes, developing PPE and other vital products.

**Recommendation: Welsh Government should use public procurement to help realise it's aim for Wales to be a zero-waste nation with a circular economy by 2050.**

Leading by example, this could create a market for circular products and services, creating the conditions for business innovation to meet demand and create a more circular economy.

Specific measures could include:

- Ensure circular economy strategies have a clear link to the concept of circular public procurement, including through objective setting
- Consider the possibility of making sustainable and circular public procurement contractually binding
- Draw key learnings from local circular procurement pilot projects (e.g. Public Health Wales NHS Trust's office furniture project), on gaining internal buy-in for the approach, and upscale these to a national level.
- Use life cycle costing rather than only considering the initial purchase price to incentivise longer lasting and easily repairable products
- Include circular criteria in public sector tenders, for example setting requirements for renewable material sourcing, including recycled content, recovery of end-of-life products etc. (the relevant criteria will be specific to the product type).

Business in the Community (BITC) has produced a toolkit [COVID 19: helping the supply chain](#) which offers guidance on how businesses can support suppliers and vulnerable workers in their supply chains during the COVID-19 crisis. This has been written with UK buyers in mind, however its principles are applicable globally and in different sectors.

Additionally, alongside members Deloitte, BITC developed the guide [Responsible Sourcing - How to embed Sustainability into procurement processes](#). This provides information for procurement and supply chain professionals including best practice examples of businesses using sustainable purchasing practices

Through supported collaboration by Welsh Government, further innovation and best practice could be developed and shared across the private, charity and public sectors, leading to a more sustainable recovery from the effects of COVID-19.

Examples of circular criteria in public procurement tenders can be viewed on the [European Commission website](#)

- Continue to provide financial support for businesses adopting circular principles, available for circular business models that go beyond incorporating recycled product. This support could be focused on SMEs in resource intensive sectors.

**Recommendation: Welsh Government should support efforts to reduced deforestation by introducing requirements in public sector procurement around deforestation.**

### **3. Economic Contract and the Environment**

The current Welsh Government recognises the importance of investing in business that support decarbonisations. This is very much welcomed but this needs to go further to maximise also ensure businesses contributing to the sustainable management of natural resources and resilient ecosystems. In addition to using the Contract to reduce carbon emissions, Welsh Government could develop a series of performance areas for business which reduce impact on the environment and support enhancement of ecosystems. WEL has submitted papers previously to the Minister with methods for doing this such as the Natural Capital Coalition has a protocol and UK Business Council for Sustainable Development has developed a method for Assessing Ecosystems Services, measuring both value to people and benefits to biodiversity and aims to provide Net Positive targets for Natural Capital.

**Recommendation: the Contract should be strengthened so businesses reduce their environmental footprint internationally by developing more sustainable and resilient supply chains.** This would include reforming the Contract to require businesses to maintain and enhance Welsh nature at home.

**Recommendation: the Contract should be strengthened so that businesses commit to deforestation free supply chains.** This would strengthen the already existing commitment in the Economic Contract to encourage and assist companies to move away from the use of non-ethical palm oil.

Ensuring our supply chains are fair, ethical and sustainable is important for a number of reasons, including our obligation in the Well-being of Future Generations Act for Wales to establish itself as a Globally Responsible Nation. Currently, from deforestation to impacts on human rights and justice, what Wales chooses to buy, consume and invest in can often drive unethical practices and environmental degradation. These areas can be addressed by committing to change our investments and consumption of key commodities that drive these damaging practices.

#### 4. The Role of Social Enterprise and local economics in a Green and Just Recovery

There is a real opportunity at this time of profound health, social, economic and political turmoil, to develop new and radical solutions and profound changes that rebuilds our economy and society in a way that works for people and planet.

There may be general consensus about some of the big issues of the green recovery but not, as yet, about the criteria for, or scale of investment ( large infrastructure or local investment) or on the definition and nature of 'green jobs'. Work in social enterprises and in the community, in the foundational economy and green transition jobs may also be potentially considered as 'Green Jobs'.

There is also an opportunity to build more resilient communities and local economies, through scaling up social enterprises and community and locally owned businesses and assets, to be at the heart of this green recovery.

There are a number of different recent proposals, reports and interest groups relating to a Green and Just Recovery and a wider Build ,Back, Better campaign and an opportunity to protect existing and create new employment opportunities, across all sectors and creatively invest in the green transition.

- [Job creation in Wales from a Covid recovery infrastructure stimulus](#) by TUC and Transition Economics (August 2020) focuses on proposals for Infrastructure Projects (6 capital focused projects Totalling £6 billion) and particularly focused on construction and manufacturing and Employment that can create 59,000 jobs (45,000 direct jobs ).
- The [Friends of the Earth Climate Action Plan](#) (March 2020) also calls for a Green and Fair Recovery for Wales with a focus on vulnerable communities, investment in green economy and jobs, transforming transport systems and clean air. They also suggest Wales should follow the New Zealand example and replace GDP with a focus on living standards and wellbeing, a Living standards Framework for Wales.
- [Jobs for a green and just recovery](#) by Wales Environment Link (July 2020) focuses on the sorts of jobs, skills, and investment that we need for a sustainable future. The Report proposes that green/blue 'decent' jobs are only truly sustainable if they are carried out in ways that protect and enhance the environment.
- [Re-energising Wales](#) by the Institute of Welsh Affairs (2019) highlights opportunities for Wales to move to 100% renewable energy by 2035 and create 1000's of jobs, a large percentage of these could be in community owned renewables and local energy projects. The Regen Energy Generation in Wales Report, September 2019, identified a target of 1GW of renewable capacity in local ownership by 2030 and that there are to date 174 Community owned Projects.
- [Community Energy Wales](#), building on their community energy projects developed to date, have proposed how Welsh Government and public sector

buying power, to retain wealth in our communities, can be maximised by innovative use of Community Energy Power Purchase Agreements (PPA) for the public sector. This model would enable them to buy a substantial proportion of their energy from locally-owned community energy schemes, as Dŵr Cymru currently do, and support community owned renewable energy projects to be further developed, in line with Wales commitment that 1GW of all renewable energy should be locally owned.

These reports all demonstrate how the Welsh Governments substantial economic levers in relation to energy and infrastructure can be used to create a number of green jobs as well as support decarbonisation. **Recommendation: the Welsh Government should invest in similar programmes to those identified by these reports.**

**Recommendation: As part of a Green Recovery Welsh Government should launch a Wales-wide 'Buy Local' campaign to encourage people, businesses and the public sector to buy, commission and invest locally, to help support and rebuild resilient local economies.** This could be based on the 'Keep it Local' campaign developed by Locality, our sister organisation, in England. There are 11 Keep it Local Trailblazer Councils, who have piloted this already, as an initial network in England.

We are proposing this should additionally, also include communities, wider public and local businesses, as well as Local Councils, in a 'Buy Local' campaign, spending and investing locally, as part of the Green Recovery.

*The main contributors to this paper are: Business in the Community, Co-ops and Mutuels Wales, Development Trusts Association, and Wales Environment Link. It was co-ordinated by Wales Council for Voluntary Action.*