



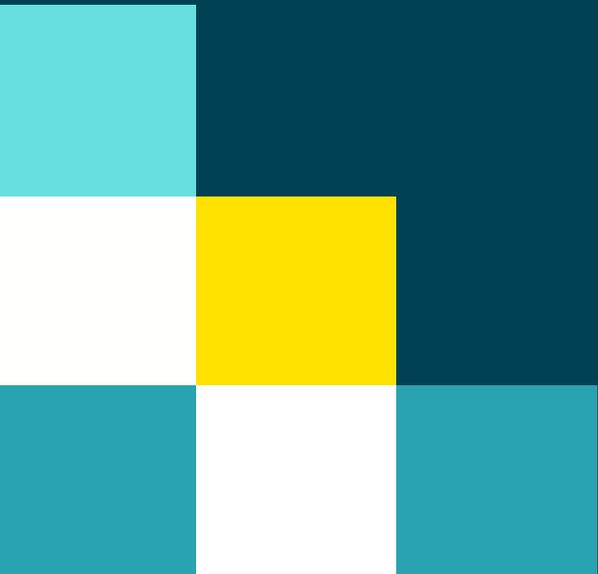
Wales Centre for Public Policy
Canolfan Polisi Cyhoeddus Cymru

Planning for Economic and Social recovery from the Coronavirus pandemic:

Annex 1: Green Recovery

Dan Bristow, Manon Roberts, Jack Price

July 2020



Our Mission

The Wales Centre for Public Policy helps to improve policy making and public services by supporting ministers and public service leaders to access and apply rigorous independent evidence about what works. It works in partnership with leading researchers and policy experts to synthesise and mobilise existing evidence and identify gaps where there is a need to generate new knowledge.

The Centre is independent of government but works closely with policy makers and practitioners to develop fresh thinking about how to address strategic challenges in health and social care, education, housing, the economy and other devolved responsibilities. It:

- Supports Welsh Government Ministers to identify, access and use authoritative evidence and independent expertise that can help inform and improve policy;
- Works with public services to access, generate, evaluate and apply evidence about what works in addressing key economic and societal challenges; and
- Draws on its work with Ministers and public services, to advance understanding of how evidence can inform and improve policy making and public services and contribute to theories of policy making and implementation.

Through secondments, PhD placements and its Research Apprenticeship programme, the Centre also helps to build capacity among researchers to engage in policy relevant research which has impact.

For further information please visit our website at www.wcpp.org.uk

Core Funders



Cardiff University was founded in 1883. Located in a thriving capital city, Cardiff is an ambitious and innovative university, which is intent on building strong international relationships while demonstrating its commitment to Wales.



Economic
and Social
Research Council

Economic and Social Research Council (ESRC) is part of UK Research and Innovation, a new organisation that brings together the UK's seven research councils, Innovate UK and Research England to maximise the contribution of each council and create the best environment for research and innovation to flourish.



Llywodraeth Cymru
Welsh Government

Welsh Government is the devolved government of Wales, responsible for key areas of public life, including health, education, local government, and the environment.

Contents

- Introduction** 4
- Roundtable 1** 4
 - Overview** 4
 - Framing the issues and potential solutions** 5
 - Understanding and shaping behavioural changes** 6
 - Investment in recovery** 6
 - Participants** 8
- Roundtable 2** 9
 - Overview** 9
 - Behaviour change** 10
 - Policy responses** 10
 - People-first, local responses that benefit the community** 12
 - Participants** 14

Introduction

This annex presents the conclusions of two expert roundtables convened in May 2020 by the Counsel General and Minister for European Transition to consider how to secure a green recovery from the Coronavirus pandemic.

The annex and the report which it accompanies were commissioned to help inform the Welsh Government's planning, but we hope that they will also be useful to public services and other organisations that are developing their own strategies for restart and recovery.

Roundtable 1

Experts participating in the first roundtable were asked to advise on how to ensure a green recovery from the Coronavirus pandemic so that Wales meets its commitments to sustainability and continues to address the demands of climate change without exacerbating economic inequality.

Overview

The impacts of the pandemic are still unfolding and there is still a great deal of uncertainty, but it is the right time to be asking what kind of society we want to emerge from it. Key actors and institutions around the world are aligned with the Welsh Government's interest in ensuring that the recovery promotes both environmental sustainability and equity. This suggests that there is a window of opportunity, but Government action will be needed if this is to be realised.

Public discourse will play a key role in shaping how society emerges from this crisis. It will shape the way in which we perceive and understand both the crisis and the 'appropriate' response. There is the potential to draw parallels between the current crisis and the risks and challenges that society faces in seeking to address climate change. This provides an opportunity to frame the discourse around the pandemic in terms that would help reinforce Government ambitions for a 'greener' Wales.

It is too early to tell whether there will be long-term changes in individual and societal behaviours, but the Government has agency in determining this. Travel behaviours are one example of this. It is unclear how, for example, commuting patterns might change, but for some sectors, organisations and individuals, the Government could take steps to 'lock in' some of the changes that the crisis has precipitated.

Any government support for the economic recovery can and should reinforce social and environmental objectives. But it should also be rooted in a longer-term plan for the Welsh economy that reflects the Government's ambitions; and which reflects the role of the state in shaping markets and in ensuring that, as far as possible, Wales captures the value creation.

Framing the issues and potential solutions

The way that the crisis is being understood, and what this means for the future is still very fluid. There will be competing narratives and, linked to these, diverse aspirations for the future across Wales and the rest of the UK, and around the world.

There will be a desire for a return to 'normal' after the unprecedented changes to people's lives, and potentially a fear of pursuing radical changes in response to the crisis. However, participants pointed to some features of the current crisis as potentially useful in engendering support for a 'green recovery'; in particular:

- A sense that there has been a lack of long term thinking and planning in governments generally, evident in the lack of preparation for the crisis and of resilience in response to it;
- An underscoring of existing inequalities: in individual circumstances, in the differential impacts that the crisis is having, and in the value that societies place on certain forms of work;
- An acceptance of large scale state / public sector intervention in society and in the economy – interventions that seemed unthinkable two months ago have been normalised; and
- A renewed interest in, and valuing of, expertise and science.

It was argued that, in this context, calling for action on climate change can be framed in terms of acting to avoid future crises. To date, one challenge has been a collective failure of imagination of what an 'unprecedented crisis' might look and feel like. The experience of the Coronavirus pandemic and its impacts provides direct experience of what such a crisis might mean.

If the Government chooses to frame the 'challenge' in terms of equity and preparedness (i.e. acting to avoid a climate crisis), participants argued that, for this to be successful, the Government needs to offer solutions; it is not enough to call for action. Polling demonstrates that people want to do their part to address climate change and the natural environment. It will be important to articulate what the public's contribution can be. Similarly, the Government needs to be prepared to articulate how it intends to act – what 'solutions' it intends to pursue.

Understanding and shaping behavioural changes

The discussion touched on a number of positive changes in behaviour that have been spurred by the pandemic and the resulting restrictions, including: more people shopping locally, a greater appreciation for green space amongst the public, and decreased travel emissions as a result of increasing numbers working from home. Conversely, polling suggests that once current restrictions are lifted people may be reluctant to use public transport.

There was consensus across the group that whilst early indications suggest there could be potential for some behaviour changes to become permanent, the crisis was in too early a stage to be certain. Whether, and to what extent, certain behaviours become embedded can be shaped by the Government, but will require agility to respond to emerging developments.

In the short term, it will clearly be important to reassure the public about public transport use. Over the longer term, thought should be given to how to address the structural barriers and the differential costs of change; both of which can limit people's ability to change. It was also argued that while it is necessary to persuade the public of the value of change, this is insufficient if there is no 'solution' or alternative to existing behaviour, or if the 'ask' of the public appears too removed from the problem it is intended to address.

Investment in recovery

Given the limits in the Government's fiscal powers, it will need to seek to influence UK Government, either directly or indirectly, and consider how it can access or leverage other sources of funding and investment. It was pointed out that it is important to consider what governments stop spending money on, as well as where increased spending is targeted, when discussing investment in recovery.

For any additional support or sectoral intervention in response to the crisis, beyond the ideas for areas of investment suggested in the background papers, participants pointed to the need to think about any 'conditionality' that might be attached.

In different ways, participants offered reflections on how governments can and should be more interventionist in their approach to recovery from the pandemic. The challenges around PPE in the current crisis have highlighted the role governments play in shaping markets. Procurement and industrial / business support can be used to foster demand and to foster the industry and supply networks needs to support this demand. The focus should be on those markets that we know we need but which we know the private sector otherwise will

not deliver. And this should be rooted in an assessment of Wales's strategic assets, and a long term vision of the Welsh economy.

A number of specific suggestions were made for areas worthy of further consideration:

- Reducing carbon intensity of steel production: seeking to incentivise innovation (e.g. using electric furnaces), and building an industrial cluster to support this.
- Changes in land use: investing in skills in land use change, and using agricultural subsidies to encourage a shift away from sheep and beef farming towards reforestation.
- Greater investment in onshore wind power
- Committing to the purchase of zero carbon products
- Zero carbon standards for new build housing

Beyond this a broader point was raised about ensuring Wales is generally competitive amongst UK markets, as well as an active contributor to the competitiveness of the EU compared to the US and China. Milk production was provided as an example of how the 'value add' of products produced in Wales (i.e. the production of milk products rather than the milk itself) often lies outside of Wales' borders. Aiming to increase the competitiveness of Wales would therefore require a focus on value and employment creation, as opposed to focusing on 'traditional' industries or services. The current crisis could spearhead value creation in Wales e.g. through experimenting with digitisation in education, or innovations in cyber security. It was emphasised that it is not enough for the breakthroughs to happen in Wales, if the industrialisation then happens elsewhere. However, it was recognised that such top-down, long-term visions would require vast increases in funding.

Such long-term visions would require a strategic focus. It was put forward that being mission-driven in investment plans as opposed to industry-driven would be a better approach for ensuring a green recovery. A mission-driven recovery would encourage innovation based on the identified challenges, in a way that allows bottom-up rather than top-down innovation. This would also tie in with a governmental shift from a 'market fixing role' towards creating or shaping desirable markets (with public services having a role to play in this – see above), to maximise the value add.

Participants

Chair: Jeremy Miles

Minister for European Transition, Welsh Government (with responsibility for future recovery work)

Experts participating:

Professor Gustaf Arrhenius

Director of the Institute for Future Studies and professor of practical philosophy

Dr George Dibb

Head of Industrial Strategy and Policy Engagement at UCL

Lowri Evans

Formerly of the European Commission and the Director General for the Internal Market, Industry, Entrepreneurship and SMEs

Dr Miatta Fahnbulleh

Chief Executive of the New Economics Foundation

Dr Rebecca Heaton

Member of the UK Committee on Climate Change

Luke Murphy

Head of the IPPR Environmental Justice Commission

Katie White

Executive Director of Advocacy and Campaigns at WWF-UK

Welsh Government: Ian Butler; Gareth Williams; Jane Runeckles; Jonathan Price; Tim Render; Liz Lalley; John Howell

Wales Centre for Public Policy: Dan Bristow; Manon Roberts

Roundtable 2

Experts participating in the second roundtable were asked to advise on how to capitalise on behavioural change/public reaction, as a consequence of the pandemic, to take forward a green recovery, and the policy interventions needed to secure a green recovery.

Overview

The participants in the second roundtable agreed that whilst much of the current discussion about the Coronavirus pandemic and ways of emerging from the immediate crisis centres on the idea of establishing a 'new normal', the focus should instead be on preparing for a 'new reality'. To do this, the Welsh Government needs to consider:

- How can it foster a sustainable economy that builds on the assets of local communities?
- How might the Coronavirus pandemic change the pattern of energy demand, and what implications will this have for where stimulus spending should be directed?
- What types of infrastructure projects should we invest in? Which projects are likely to show the highest benefit for Wales/retain the value added in Wales?
- What might business support need to look like following the pandemic? How can the Welsh Government support green businesses that are rooted in local communities?

It was agreed that policies to address these questions will need to reflect Wales's position in relation to the rest of the UK (i.e. the devolution settlement and English initiatives) and the EU (i.e. the scale and expected EU investment in a green recovery, and how this relates to Wales). They should also draw on the best available science, and invest in areas where there is greatest potential for innovation and to make the most of the unique opportunities that are available to Wales. It will also be important that the Welsh Government is prepared to prioritise; to withdraw some existing interventions in order to redirect and focus effort and investment on interventions that are most effective in promoting a greener and fairer Wales.

There was consensus that policies to drive a green economic recovery will also need to take into account the uneven impacts of the pandemic, both geographically and sectorally. Tourism, hospitality, aerospace, heavy industry and the arts are all likely to be hit hard and policies, including economic stimuli relating to 'green' jobs, need to be carefully targeted and address these inequalities.

Behaviour change

Participants in the roundtable noted that the pandemic has led to some positive changes in behaviour, such as reductions in car use and increases in shopping locally.

There was already increasing support for action to tackle the climate change emergency prior to the Coronavirus pandemic. It may be that the pandemic has enhanced the public's perception of the role of scientific advice in tackling crises.

It will be important to sustain and harness support for change and explain to the public how their actions can help with this. We have seen an increase in online and local shopping during the 'lockdown'. If policy makers can support a sustained shift in this direction, it will have positive impacts on the environment and on small town centres. However, many people may just want to 'get back to normal' as restrictions are eased and in some cases the pandemic may shape behaviours in ways that mitigate against a green recovery. For example, it seems likely that many travellers will be reluctant to use public transport because of fears about virus transmission. This may well lead to greater car usage than we saw before the pandemic and long-term reductions in revenue for public transport. This in turn will disadvantage those who rely most on public transport and have negative impacts on air quality and carbon emissions.

A sustained shift towards remote working may be welcomed by some and could help to reduce car usage, but there are many occupations and households for which it is not feasible or conducive. Furthermore, some workers may find it stressful and socially isolating.

Consequently, the Government needs to take a pro-active role in encouraging behaviour change as restrictions are lifted. Using the correct labelling and language will be important. For example, talking about the need to 'upgrade' homes will be received better than referring to 'retrofitting' them, and we need to persuade people that 'this is your green recovery' to encourage take-up of green heating and green travel.

The Government also needs to support behaviour change by providing the necessary infrastructure. Participants called for investment in 'universal basic infrastructure' to ensure that every community has access to efficient charging systems and high-quality broadband. There is likely to be significant pressure on public finances, so stimulus spending should be designed to reduce reliance on subsidy over time.

Policy responses

Participants in the roundtable said that existing policies in Wales, including the Well-Being of Future Generations Act, provided a solid basis for ensuring economic recovery from the pandemic that is both green and sensitive to the needs of the people of Wales. However,

they noted that in the past, bold and ambitious Welsh Government policies had often proved difficult to deliver. As we move out of the immediate crisis, it will be important to ensure that good intentions and ideas are translated into action on the ground that drive a green recovery in Wales.

This will require changes in public attitudes and behaviour and the way in which the Government works. The speed and innovation shown by its response to the Coronavirus pandemic was viewed positively, and something that could be built on in planning for a green economic recovery. However, this will require effective leadership, a less siloed approach than in the past, and a greater openness to harnessing the opportunities offered by new technology. Participants in the roundtable argued that the Welsh Government will need to be prepared to take some controversial decisions. For example, to combat the anticipated post-pandemic shift from public transport to commuting by car, it may be necessary to introduce road pricing and increased charges for workplace parking in cities.

Participants also argued that there was scope for a more 'entrepreneurial' approach with increased use by the Welsh Government of its 'soft powers'. They suggested that business support could be used to leverage positive change by targeting green businesses and requiring recipients to embrace practices that promote sustainability and benefit local communities.

Public procurement and higher education were cited as two other areas in which the Welsh Government could use its influence to encourage a green economic recovery. They suggested that procurement needs to prioritise the 'best' rather than the 'easiest or most convenient' options, and that we need to adopt a more robust definition of social value and equip procurement professionals to secure it. Universities in Wales should be encouraged to align themselves with emerging technology and innovations relating to the green agenda e.g. hydrogen technology. Online learning could open up new opportunities for younger and older people who find it difficult to attend campuses and may also help to reduce carbon emissions.

Participants highlighted a range of government opportunities and investments that could help promote a green recovery. In the short-term, a predicted rise in 'staycations' offers opportunities for businesses in Wales. In the longer term, the Government should consider investing in:

- Water and flood management schemes that have the potential for cross-cutting community benefits;
- Large scale 'green' infrastructure projects such as the Severn Barrage and re-opening stretches of the canal network to create green corridors and pathways for green travel;

- Decarbonising new homes and upgrading ('retrofitting') the current housing stock;
- Investment to stimulate flexible, local energy generation and storage;
- Investment in energy transmission and storage infrastructure (i.e. the grid) to maximise renewable electricity generation and storage;
- Retraining and redeploying young people who lose their jobs as a result of the pandemic for work in 'future-proof' professions such as building and construction;
- Regeneration of town centres – for example adapting public spaces to allow for cafés to reopen and remodelling streets to encourage active travel; and
- Transitioning rapidly to more environmentally friendly use of agricultural land.

They noted that some of these options are 'shovel-ready' and emphasised the importance of support for high-visibility schemes that help local communities to see that a 'green recovery' is working for them.

Participants also advocated support for reskilling and retraining young people who lose their jobs as a result of the expected economic downturn, to equip them for activities that promote a green economy and in digital skills and technology.

People-first, local responses that benefit the community

There was agreement that the impacts of the Coronavirus pandemic will be felt unequally by different groups across Wales. Participants argued that rather than viewing potential policy responses through the lens of individual government departments' responsibilities and remits, we need holistic approaches that are tailored to the needs and opportunities of different groups and local communities.

For example, if one of the long-term impacts of the pandemic is a shift towards increased remote working, this will have unequal impacts on different groups and sectors of the economy and will require new approaches across a range of policy areas. As noted above, it could reduce commuting, but this will have knock-on effects not just for car usage but also for public transport usage and revenues. There are many households where conditions are not currently conducive to remote working and we may see changes in the design of new homes with an increase in modular, flexible and adaptable spaces. There may also be demand for community hubs in village and town centres that enable remote working close to home rather than in the home.

A sustained increase in remote working would also have negative impacts on city centre businesses dependent on spending by commuters and may hollow out the commercial

property market in towns and cities. The Welsh Government, local authorities and businesses may need to develop strategies for the re-use or refurbishment of empty office space.

Participants argued that it is important to consider approaches to a green recovery that have a direct and positive impact on the local community. One participant asserted that large-scale renewable energy projects may not have direct positive benefits for the communities in which the infrastructure sits. Therefore, it is important to support manufacturers and supply chains that base themselves in Wales so that the long-term value added is felt here.

Increasing the sense of community agency was also viewed as important. Participants noted that this could help achieve the goals of the Well-Being of Future Generations Act, which were said to lack traction in part because of the top-down approach that has been taken to date. It will be important to identify and work with the influencers in communities and to understand how change happens in each place.

Participants

Chair: Jeremy Miles

Counsel General and Minister for European Transition, Welsh Government
(with responsibility for future recovery work)

Experts participating:

Nigel Annett

Community Foundation Wales

Steve Brooks

Sustrans

Alex Meredith

Innogy

Auriol Miller

Institute of Welsh Affairs

Carole-Anne Davies

Design Commission for Wales

Prof Iwan Davies

Bangor University

Max Munday

Cardiff University

Debbie Green

Coastal Housing Group

Wales Centre for Public Policy: Steve Martin; Jack Price; Manon Roberts

Author Details

Dan Bristow is Director of Policy and Practice at the Wales Centre for Public Policy and leads its knowledge mobilisation and capacity building work.

Manon Roberts is a Research Associate at the Wales Centre for Public Policy. Her work focuses on social justice and equality.

Jack Price is a Research Officer at the Wales Centre for Public Policy. He works on Centre's Welsh Government and public services programmes.

For further information please contact:

Dan Bristow

Wales Centre for Public Policy

+44 (0) 29 2087 5345

info@wcpp.org.uk

OGL This report is licensed under the terms of the Open Government License