
Title of meeting: NRW Board Meeting - Public Session

Date of meeting: 27th January 2023 **Time of meeting:** 9.00-11.30

Venue: Microsoft Teams meeting

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Time

Item

**9.00
(5 mins)**

1. Open Meeting

- Welcome
- Declaration of Interests
- Explain conduct of meeting

Sponsor and Presenter: Sir David Henshaw (Chair)

Summary: To NOTE any declarations of interest.

**9.05
(5 mins)**

2. Review Minutes and Action Log
2A. Review Minutes from Public 16th November meeting
2B. Review Minutes from Public 17th November meeting
2C. Review Public Action Log

Sponsor and Presenter: Sir David Henshaw (Chair)

To APPROVE the minutes of the previous meeting and the action log.

**9.10
(5 mins)**

3. Update from the Chair

Sponsor and Presenter: Sir David Henshaw

Summary: To NOTE the Chair's update to the Board.

**9.15
(10 mins)**

4. Report from the Chief Executive

Sponsor and Presenter: Clare Pillman, Chief Executive

Summary: To NOTE the current position and update the Board on key activities.

Paper ref: 23-01-B07

9.25
(15 mins)

5. Update Reports of Committees and Forums

Sponsors and presenters: Committee Chairs

Audit and Risk Assurance Committee – 15th December and 13th January

Paper ref: 23-01-B08

Evidence Advisory Committee – No meeting held

Finance Committee – 10th January

Paper ref: 23-01-B09

Flood Risk Management Committee – 24th January

NRW Land Estate Committee – 19th January

People and Remuneration Committee – 13th January

Protected Areas Committee – No meeting held

Forum Updates

Wales Land Management Forum

Paper ref: 23-01-B10

Wales Fisheries Forum

Paper ref: 23-01-B11

Wales Water Management Forum

Paper ref: 23-01-B12

National Access Forum for Wales

Paper ref: 23-01-B13

Summary: To NOTE the updates from the Board committees, both within and outside of any meetings held.

9.40
(15 mins)

6. Finance Performance Report

Sponsor: Rachael Cunningham, Executive Director of Finance and Corporate Services

Presenter: Rob Bell, Head of Finance

Summary: To NOTE the latest financial position

Paper ref: 23-01-B14

9.55
(10 mins)

7. Internal Drainage Districts Budget

Sponsor: Rachael Cunningham, Executive Director of Finance and Corporate Services

Presenter: Rob Bell, Head of Finance

Summary: To APPROVE the Internal Drainage Districts Budget

Paper Ref: 23-01-B15

10.05
(20 mins)

Break

**10.25
(15 mins)**

8. Natur a Ni

Sponsor: Prys Davies, Executive Director of Corporate Strategy and Development

Presenter: Russell De'Ath, Senior Specialist Advisor, Vision 2050

Summary: To DISCUSS the update on Natur a Ni

Paper Ref: 23-01-B16

**10.40
(10 mins)**

9. Public Engagement and Transparency at Board Meetings

Sponsor: Prys Davies, Executive Director of Corporate Strategy and Development

Presenter: Colette Fletcher, Head of Governance and Board Secretary

Summary: To APPROVE proposals for public engagement and transparency at Board meetings

Presentation

**10.50
(5 mins)**

10. Proposed Changes to the Statutory and Legal Scheme (SaLS)

Sponsor: Clare Pillman, Chief Executive

Presenter: Colette Fletcher, Head of Governance and Board Secretary

Summary: To APPROVE changes to the SaLS for the Business Boards

Paper ref: 23-01-B19

**10.55
(5 mins)**

11. Board Forward Look

Sponsor: Sir David Henshaw

Presenter: Colette Fletcher, Head of Governance and Board Secretary

Paper ref: 23-01-B20

**11.00
(5 mins)**

12. AOB

a) **Chair of the People, Customer and Stakeholder Committee (PCSC)**

Sponsor: Sir David Henshaw

Presenter: Colette Fletcher, Head of Governance and Board Secretary

Summary: To APPROVE the appointment of Mark McKenna as Chair of the People, Customer and Stakeholder Committee (PCSC)

Approval by correspondence

- b) Temporary Membership of the NRW Land Estate Committee

End of Public Board meeting

**11.05
(25 mins)** **Public Q&A**

11.30 **Close Meeting**

Unconfirmed Minutes

Title of meeting:	NRW Board Meeting – Public Session Microsoft Teams
Date of meeting:	16 th November 2022
Present Board Members:	Sir David Henshaw, Chair Clare Pillman, Chief Executive Prof Steve Ormerod, Deputy Chair Karen Balmer Julia Cherrett Geraint Davies Zoë Henderson Prof Calvin Jones Dr Rosie Plummer Prof Peter Rigby
Present Executive Team Members:	Rachael Cunningham, Executive Director of Finance and Corporate Services Ceri Davies, Executive Director of Evidence, Policy and Permitting Prys Davies, Executive Director of Corporate Strategy and Development Sarah Jennings, Executive Director of Communications, Customer and Commercial Gareth O'Shea, Executive Director of Operations
Additional Attendees Present:	Rob Bell, Head of Finance, Item 6 Caroline Hawkins, Corporate Planning, Performance & Strategic Assessment Manager, Item 7 Sarah Williams, Head of Corporate Strategy and Programme Management Office, Item 7 Charlotte Morgan, Wellbeing, Health and Safety Manager, Item 8
NRW Observers:	Kate Evans, Public Affairs and Private Secretary Sarah Williams, Head of Corporate Strategy & Programme Management Office
Public Observers:	None
Declarations:	<ul style="list-style-type: none"> • Dr Rosie Plummer – Member Pembrokeshire Coast National Park Authority - wide-ranging interactions including: planning remit - terrestrial and marine area implications plus SAC and flood zones; protected sites - land and marine - within overall landscape designation; recipient of NRW grants. Plantlife Trustee – Plantlife is a collaborator in the Natur am Byth project, and grant recipient. • Prof Steve Ormerod – Member of the National Trust; Wife is a member of Dŵr Cymru Independent Environment Advisory Panel; Wife is Director of the

Cardiff University Water Research Institute which manages a strategic partnership with Dŵr Cymru.

- Prof Calvin Jones – Steering Committee Member for Skyline
- Karen Balmer – CEO of Groundwork North Wales - Grant recipient of NRW funding; Partner with two other grant recipients

Apologies: Mark McKenna
Colette Fletcher, Head of Governance & Board Secretary

Secretariat: Jocelyn Benger
Natalie Williams
Sian Johnston

Item 1. Open Meeting

1. The Chair opened the meeting and welcomed everyone. Declarations of interest and apologies were made as noted above.

Item 2. Review Minutes and Action Log

2A. Review Minutes from Public 22nd September meeting

2. The minutes from the public meeting on 22nd September were reviewed and agreed.
3. Zoe Henderson welcomed the publishing of the minutes of the previous meetings but highlighted that an amendment had not been taken forward and that this should be corrected.

ACTION: Secretariat to review the minutes for Zoe Henderson's suggested amendment.

2B. Review Public Action Log

4. The Action Log was reviewed and noted.

Item 3: Update from the Chair

5. The Chair gave a brief update on discussions that were taking place across a range of issues.

Item 4: Report from the Chief Executive

6. The Chief Executive provided an update to the written report.
7. The United Nations Conference of the Parties 27 (COP27) was taking place in Egypt. COP15 would take place in Montreal in early December and would be attended by the Minister, Julie James. Everyone would be looking for commitments to improving biodiversity akin to a Paris agreement moment for nature. NRW had been working with the Joint Nature Conservation Council (JNCC) and other nature conservation bodies on producing a joint statement to be published at an event at the Royal Society next week. In Wales, the opportunity from the interest in the COPs was being used to drive home the messages. NRW would be active and busy across a range of fronts for Wales Climate Week next week.

8. The Chancellor would be giving his autumn statement tomorrow and both tax rises and public spending cuts were expected. NRW were remaining in close contact with Welsh Government (WG).
9. The ongoing cost of living crisis and the evidence of the impact on staff was noted. NRW would be continuing to look at how best to support staff going forward.
10. The successful and unsuccessful applicants to the NRW Resilient Communities Grant were written to in the beginning of November. This was a £2m grant to be spent over this year and next year. Applications closed on 19th September and over 200 applications, totalling over £20m had been received, of which 21 were successful. This was the first major competitive grant scheme for some time for NRW and the quality of the applications had been very high. Discussions would take place with WG in the context of wider budget discussions on their appetite to do more in this area.
11. The Executive Director of Evidence, Policy and Permitting (EPP) gave an update on the Biodiversity Deep Dive. The team at NRW were working hard to develop the Action Plan that sat below the recommendations from the Deep Dive. The Minister was due to make a statement in the New Year and it was hoped that the detailed Action Plan would be published at that point. The Executive Director of EPP and Prof Steve Ormerod (representing Cardiff University) would be taking forward some of the actions as part of the Working Groups. The membership of the groups would be reviewed before the Implementation Phase. Progress had already been seen around the Peatland work, the action programme, additional funding, Nature Networks funding, and grant funding. NRW were working on the concept of Nature Networks mapping and working on a potential piece of work for WG on doing this on a spatial scale. NRW were driving work forward and commitments would be included within the new Corporate Plan. A face to face workshop was scheduled to take place with WG next week to push forward on the detailed Action Planning.
12. Board members noted the content of the update and highlighted the importance of staying tuned to the effort ratio for those who were not successful in their Resilient Communities Grant applications. The work that had been undertaken by a large number of people was recognised and it would be important to balance this.

Item 5: Update Reports of Committees

13. Karen Balmer as the Interim Chair of the Audit and Risk Assurance Committee (ARAC) updated the Board on work since the ARAC meeting on 8th September. A handover meeting had taken place with the previous ARAC Chair, Catherine Brown, and catch-ups had taken place with the other Committee members. Meetings were in the calendar with the team.
14. Peter Rigby as the Chair of the Evidence Advisory Committee (EAC) updated the Board on discussions from the EAC meeting on 17th October. The Peatland Programme had been revisited to examine the way that it had been costed. Work was ongoing on this issue and would return to the Committee at another meeting. The Committee was given an update on the potential new national park designation. A presentation was provided on data analytics, which resulted in an interesting discussion and work was moving forward in this area. A very detailed presentation was provided on the Water Framework Directive.
15. Prof Steve Ormerod highlighted that the recent Evidence Conference had been very good with good collaborative presentations and asked that this was fed back to the team. More collaborative partnership type meetings were planned for next year.

ACTION: Positive feedback from the Board on the Evidence Conference to be passed to the team.

16. Sir David Henshaw as the Chair of the Finance Committee (FC) updated the Board on work since the FC meeting on 15th September. The meeting in December had to be rearranged and a new date had been arranged for 10th January.
17. Julia Cherrett as the Interim Chair of the Flood Risk Management Committee (FRMC) updated the Board on the meeting held on 21st October. FRMC had met in person and attended a site visit in Cowbridge. There had been a good mix of practical items, and an update had been provided on progress on the Flood Review Project and the Capital Programme. A deep dive workshop would be organised on the prioritisation on projects. A good discussion took place around Strategic Risk 02 (SR02). More detail was requested on the small number of assets falling below target condition. A useful site visit took place to the Cowbridge Reservoir scheme to look at the measures in the interests of safety.
18. Julia Cherrett as the Chair of the People and Remuneration Committee (PaRC) updated the Board on the work since the meeting held on 13th September.
19. Dr Rosie Plummer as the Chair of the Protected Areas Committee (PrAC) updated the Board on the meeting held on 6th October. A significant part of the agenda involved the potential new national park designation and the programme management team were now in place. An interesting discussion took place on the Special Areas of Conservation (SAC) and phosphate implications. A deep dive took place on Strategic Risk 05 (SR05). The Committee were informed about warning letters on infringements which had been issued internally relating to protected sites. Protected sites notifications' meetings were in the calendar if needed for next year. The legal training on this had been delayed to include new Board members and ensure it was timely for site designations.
20. Board members discussed the warning letters that had been issued internally and whether this increased silos. The Executive Director of Operations explained that although work was integrated locally, there was a need to maintain clear walls between areas, so that an infringement would be investigated by a different geographical area. The sharing of infringement information with the relevant Board Committee had been recommended by ARAC.
21. Zoe Henderson as the Chair of the Wales Land Management Forum (WLMF) updated the Board on the meetings held on 5th September and 17th October. It was highlighted that producing a robust Alternative Measures Report was a major achievement by the group and there was broad support for many of the potential improvements to the water regulations.
22. Board members recommended that it would be useful to see updates from other fora, such as Fisheries, Water and Recreation, within NRW to give a broader join-up across the organisation.

ACTION: Secretariat to include updates from other fora within NRW in the Committee Updates Board agenda item.

Item 6: Finance Report

Presenter: Rob Bell, Head of Finance

23. The Head of Finance provided an overview of the latest financial position. The income was on profile but the timber income was reduced in the summer from £40 to £36m. The expenditure was on profile but was £10m further ahead at this stage over last year; 40%

compared to 37% last year. There was potential for a slight overspend if action was not taken. An update was provided on the position for year end. A reduction in the timber income of £4m was expected, with the latest forecast in the range of £35-37m, and this would need to be managed. There had been a slight increase in energy income. An update was provided on the submission to WG to retain the sum from the sale of Forest Holidays. It was explained that WG were looking to net the amount from the £7m included within the letter of comfort due to budgetary pressures. The budget was in place for the pay award. Overprogramming was set at £4m, which would be sufficient in a normal year but due to the combination of pressures, the Executive Team (ET) had taken the decision not to allow any further reprioritisation.

24. Board members discussed the update. The consequences of going over budget were queried. Aside from accounting issues and leaving the Accounting Officer exposed to severe criticism, it was explained that on a practical level, the amount of overspend would be reduced from next year's budget. The issues around funding silos were discussed, which meant that it was not possible to move funding from one area to another. The plans for next year with the potential ongoing reduction in timber income were queried. It was explained that all the Land Stewardship teams were working on the revised forecast, which would then inform next year's requirements.

25. The Head of Finance gave an overview of the planning for next year. The two funding streams under the most pressure were identified as timber income and Non-Flood Grant in Aid (GiA). It was explained that £17m had been requested from WG to be added to the baseline, which had been included as temporary funding previously. It was noted that only Service Level Agreements (SLAs) were likely to be received on Agricultural Regulations and Marine. An update was provided on the other key areas. The business had been asked for priorities and ideas in case cuts were needed. An update from WG on the funding position was expected by mid December.

26. Board members noted the work taking place on planning for next year and it was recognised that some difficult decisions were likely to be needed. It was noted that FC would undertake the heavy lifting on this but the Chair recommended that the Board should be sighted on the issues going forward and that the mechanism for this should be considered.

ACTION: The Executive Director of Finance and Corporate Services and Head of Finance to consider how best to keep the Board sighted on key financial decisions for 2023-24.

Item 7: Business Plan Performance Dashboard Quarter 2 Report

Presenter: Clare Pillman, Chief Executive

Attendees: Caroline Hawkins, Corporate Planning, Performance & Strategic Assessment Manager, Sarah Williams, Head of Corporate Strategy and Programme Management Office

27. The Chief Executive presented the Business Plan Performance Dashboard Quarter 2 Report to the end of June. In Quarter 1, one measure had been noted as 'non-applicable' as it related to the support to WG on the Agriculture Bill. This work was now underway and the Red Amber Green (RAG) status was rated as Green.

28. There were two Red measures in Q2. One had been Red in Q1 and the additional Red measure related to targeted action for declining species on the edge of extinction. There was a strong theme throughout the Report on the difficulties in recruitment, which was being experienced across organisations, particularly in specialist areas. A significant amount of work was taking place at improving this, such as measures on attracting more

staff, training from within NRW, recruiting for potential, apprenticeships and training schemes. It was recognised that this was likely to be challenging for some time.

29. Discussions were ongoing with WG on SLA funding related to the recommendations from the Renewable Energy Deep Dive. A rearranged meeting date with the First Minister was awaited.
30. An update was provided on the Adfywio work. Communications were going out to staff on the consultation on proposed changes to the Cardiff office accommodation. The Executive Director of Finance and Corporate Services gave an overview of the proposals which would include the closure of the offices in Ty Cambria and St Mellons and a move to a single shared site in Cardiff.
31. Board members discussed the proposals for the Cardiff office accommodation and considered the implications for staff. The timeline and cost benefit analysis were queried. The Executive Director of Finance and Corporate Services explained the financial and carbon benefits plus the potential wellbeing advantages. The Business Case for the proposals would be shared with the Board.

ACTION: The Business Case for the Cardiff office accommodation to be circulated to the Board.

32. The recruitment issues were discussed and the experience of new starters was considered. It was highlighted that it was important to ensure a positive experience for new starters and that some engineering could be introduced around this issue. It was noted that there were issues with retention as well as recruitment.

APPROVED: The Business Plan Performance Dashboard Quarter 2 Report.

Item 8: Wellbeing, Health and Safety Quarter 2 Report

Presenters: Charlotte Morgan, Wellbeing Health and Safety Manager

33. The Executive Director of Corporate Strategy and Development introduced the item. Work was being undertaken with staff in the context of financial challenges and positive feedback had been received on this. Work was also taking place on the pay award as it was recognised that this was a key item for staff in the context of the cost of living crisis. PaRC had been updated on this.
34. The Wellbeing, Health and Safety Manager gave an overview of the Wellbeing, Health and Safety Quarter 2 Report. No Serious Incident Reviews (SIRs) were taking place. It was noted that some of the information on SIRs had been amended to give more information on site visits and inspections that had taken place particularly in incidents where a fatality had occurred and also included any remedial works required. The SIRs were on track to be closed off. A task and finish group had been set up to look at the Construction Design Management (CDM) paperwork and procedures to look across the business. The paperwork was on trial with staff, with the launch planned for early January. There was one Lost Time Injury and an increase in reported Near Misses. A new template for active monitoring was being trialled in Operations which it was hoped would be launched in January. This would allow for logging on Assessnet and enable trend analyses to be carried out.
35. The Corporate Health Standard was booked for 9th December for a year's extension to the Silver award. The Health & Safety Executive (HSE) had inspected a number of standing sales sites, and formal feedback was expected in early December, which would

be brought to the Board and ET. An update was provided on Learning and Development reporting on course information, including reporting on cancellations.

APPROVED: The Board approved the Wellbeing, Health and Safety Quarter 2 Report.

Item 9: AOB

36. Geraint Davies reported on concerns expressed by the Chair of the Dysynni Internal Drainage District (IDD) on the work being carried out by NRW. It was suggested that an open conversation would be useful and it was noted that the local team were aware of the issues and would arrange to meet with the Chair of the IDD.

ACTION: A meeting to be arranged between the local team and the Chair of the Dysynni Internal Drainage District.

37. Geraint Davies reported on information that he had received about the recent use of weedkiller at the Dolgellau office. It was recommended that the protocols being used at the office should be investigated.

ACTION: The Executive Director of Finance and Corporate Services to review the protocols for the use of weedkiller at the Dolgellau offices.

38. Dr Rosie Plummer noted that there was a clash on Tuesday 6th June 2023 between ARAC and the event at the Senedd.

- Meeting closed -

Unconfirmed Minutes

Title of meeting: **NRW Board Meeting – Public Session**
Microsoft Teams

Date of meeting: 17th November 2022

Present Board Members: Sir David Henshaw, Chair
Clare Pillman, Chief Executive
Prof Steve Ormerod, Deputy Chair
Karen Balmer (to 12.10pm)
Julia Cherrett
Geraint Davies
Zoë Henderson
Prof Calvin Jones
Mark McKenna
Dr Rosie Plummer
Prof Peter Rigby

Present Executive Team Members: Rachael Cunningham, Executive Director of Finance and Corporate Services
Ceri Davies, Executive Director of Evidence, Policy and Permitting
Prys Davies, Executive Director of Corporate Strategy and Development
Sarah Jennings, Executive Director of Communications, Customer and Commercial (apologies from 11.45am to 12.15pm)
Gareth O'Shea, Executive Director of Operations

Additional Attendees Present: Colette Fletcher, Head of Governance & Board Secretary (All items)
Peter Perry, CEO, Dŵr Cymru (item 2)
Steve Wilson, Managing Director, Wastewater Services, Dŵr Cymru (Item 2)
Eleri Rees, Strategy and Regulation Director, Dŵr Cymru (Item 2)
James Jesic, Managing Director, Hafren Dyfrdwy (item 2)
Steph Pullan, Environmental Regulations and Permits Lead, Hafren Dyfrdwy (Item 2)
Kristinn Mason, Chief Economist, Hafren Dyfrdwy (Item 2)
Sian Williams, Head of Operations, North West Wales (item 2 and Q&A)
Ruth Johnston, Lead Specialist Advisor, Water Strategy (item 2)
Natalie Hall, Sustainable Water Manager (item 2)
Gwenllian Roberts, Director of Ofwat for Wales (item 2)
Eifiona Williams, Head of Water Branch, Welsh Government (item 2)
Jeremy Parr, Head of Flood and Incident Risk (item 3)
Nicholas Pritchard, Lead Specialist Advisor, Strategic Planning and Investment (item 3)
Michael Evans, Head of Operations, South Wales Central (Item 3)
Lyndsey Rawlinson, Head of North East Wales Operations (Item 3)
Chris Collins, Head of Knowledge and Evidence (item 4)
Richard Cardwell, Manager, Interim Integrated Evidence Manager (item 4)

NRW Observers: Kate Evans, Public Affairs and Private Secretary
Sarah Williams, Head of Corporate Strategy & Programme Management Office
Rebecca Taunton, Assistant to the Head of Knowledge and Evidence
Catrin Hornung, Head of Communications and Digital Transformation (Item 2)
Meinir Wigley, Integrated Communications Team Leader (Item 2)
Joanne Westlake, Senior Communications Officer (Item 2)

Public Observers: Justin Davis, Câr-Y-Môr
Owen Haines, Câr-Y-Môr
Kim Waters, Welsh Rivers Union
Lloyd Evans
Mark Barrow
James Wallace, CEO of River Action
Additional members of the public

Declarations:

- Dr Rosie Plummer – Member Pembrokeshire Coast National Park Authority - wide-ranging interactions including relevant to this agenda: planning remit - terrestrial and marine area implications plus Special Area of Conservation (SAC) and flood zones; extensive site designations - including marine zone - within overall landscape; designation; significant grant recipient and collaborator. Plantlife Trustee - Plantlife is a collaborator in the Natur am Byth project, and grant recipient.
- Prof Steve Ormerod – Member of National Trust; Member of two Welsh Wildlife Trusts (no influence on policy); Vice President of RSPB (no influence on policy); Fellow of Chartered Institute of Ecology and Environmental Management (no influence on policy); Scientific research interest in water quality through Cardiff University; Wife is a member of Dŵr Cymru Independent Environment Advisory Panel; Wife is Director of the Cardiff University Water Research Institute which manages a strategic partnership with Dŵr Cymru.
- Prof Calvin Jones – Steering Committee Member for Skyline; Member of Cardiff University Business School Research Group undertaking an economic impact assessment for Dŵr Cymru/Welsh Water
- Geraint Davies – Member (no influence over policy): RSPB Cymru; National Trust; National Farmers Union of Wales; Farmers Union of Wales; Game and Wildlife Conservation Trust; Farming and Wildlife Advisory Group Cymru
- Mark McKenna – Down to Earth planning application in a phosphate sensitive SAC area
- Karen Balmer – Grant recipient of NRW funding; Collaborator with other partners with NRW

Apologies: Karen Balmer (from 12.10pm)

Secretariat: Jocelyn Benger
Natalie Williams
Sian Johnston (morning)
Rhiannon Spencer (afternoon)

Item 1. Open Meeting

1. The Chair opened the meeting and welcomed everyone. Declarations of interest and apologies were made as noted above. The Chair explained the conduct of the meeting.

Item 2: Water Companies' Business Plans

Presenters: Peter Perry, CEO, Dŵr Cymru; Steve Wilson, Managing Director, Wastewater Services, Dŵr Cymru; Eleri Rees, Strategy and Regulation Director, Dŵr Cymru; James Jesic, Managing Director, Hafren Dyfrdwy; Steph Pullan, Environmental Regulations and Permits Lead, Hafren Dyfrdwy; Kristinn Mason, Chief Economist, Hafren Dyfrdwy

Attendees: Sian Williams, Head of Operations, North West Wales; Ruth Johnston, Lead Specialist Advisor, Water Strategy; Natalie Hall, Sustainable Water Manager; Gwenllian Roberts, Director of Ofwat for Wales; Eifiona Williams, Head of Water Branch, Welsh Government

2. The Chair introduced the item and welcomed external speakers and observers, and thanked them for their attendance.
3. Peter Perry, CEO of Dŵr Cymru/Welsh Water (DCWW), gave a presentation on the overview of DCWW's Investment Plan for Price Review 2024 (PR24). The Plan aimed to achieve a four-star rating on the Environmental Performance Assessment (EPA) ranking, while seeking to improve 500km of rivers, reducing nutrient loading, and making significant progress towards 2030 carbon reduction and net zero by 2040. DCWW's investment programmes in the areas of drinking water and assets were noted. An overview of the Price Review process was explained. It was highlighted that financial stability was a key focus for DCWW. DCWW would be looking to reinvest £2bn ahead of PR24. Financeability was emphasised as the key factor, retaining the credit rating, and thereby ensuring the affordability of bills for customers.
4. Steve Wilson, Managing Director, Wastewater Services, presented the Asset Management Plan 8 (AMP8) delivery aims and the key investment areas were shared. It was highlighted that the area of discharges would be the biggest area of investment. The AMP8 Wastewater National Environment Programme (NEP) and the work on improving the condition of Special Area of Conservation (SAC) rivers were outlined as well as the close working with the Nutrient Management Boards and Local Authorities. The importance of Sustainable Drainage Systems (SuDS) in addressing these impacts was explained.
5. The improving picture in biodiversity was described and work would continue on DCWW owned land. The balance of financeability, affordability and deliverability would need to be maintained. The timetable for PR24 was shared. There would be challenge sessions in early 2023, followed by final submission and working towards final determination scheduled for 2024. There would be opportunities in Wales to deliver through Nature Based Solutions (NBS) and partnership working, on reducing nutrient levels and trying out new techniques. It would be important to keep working on the impact of harm assessment from CSOs to determine the order in which they should be tackled.
6. A question and answer session took place between the Board and representatives of DCWW.
7. DCWW were asked to clarify the shortfall on the necessary actions on the next AMP and how long it was likely to take to address these. It was explained that on river water quality improvement, source apportionment work had been done to identify where the main issues were coming from. The main treatment works had been identified and it was

estimated that a three AMP programme would be needed. A multi-AMP programme would be needed to address the CSO issues as there was an estimated cost of £9-14bn to spread across customers. A targeted approach would be taken to address the CSOs causing the most harm first.

8. Board members recognised public frustration at the grim statistics around performance and environmental impact and noted DCWW's goal to improve 500km of river length. It was highlighted that this equated to around 2% in Wales but there were 95 water bodies failing in association with DCWW assets. The Board asked when DCWW would be fully compliant with environmental legislation. Representatives from DCWW explained that the company was working to improve and taking the NRW approach of being evidence-led. The PR24 programme would be more targeted but this was a multi-AMP programme and a challenging task to find the balance between deliverability and environmental improvement. The number of CSOs without permits was noted but measurements were taking place on levels of harm.
9. Questions were asked about customer engagement and how DCWW would be getting customer buy-in and working together to achieve the change everyone wanted to see. DCWW explained that customer engagement was a continuous process and there was a formal engagement process built into the PR24 Plan. Customer research was already underway and Phase 2 would be looking at customer satisfaction on long term ambitions. The open challenge sessions were explained. These would be held in conjunction with Ofwat and the results would be standardised to enable comparison across the water companies. Examples of customer feedback were provided, which had indicated little desire to see money spent in the area of surface water run-off. The customer forum was being used to develop a balanced plan.
10. DCWW were asked to explain how they could demonstrate tackling the climate and nature emergencies. Work to ensure dam safety and plans to deal with power outages and flooding were described. Wastewater infrastructure issues and the need to move forward with SuDS schemes were explained. There would be a need to keep partnering with others and deliver more on NBS. The work with local authorities and highway authorities would be key in tackling surface water drainage issues.
11. Board members requested more information on the approach and resource relating to partnerships, particularly with agriculture. The DCWW CEO confirmed that meetings had taken place with the farming unions at CEO level and DCWW wanted to work closely with agriculture. They had indicated to Welsh Government (WG) that they wanted to work together on phosphorus levels and were involved in the Nutrient Management Boards. Examples were provided on partnership projects, such as the Brecon Beacons Mega Catchment, and the Herefordshire wetlands as a way of creating nutrient credits. It was explained that a more catchment-based approach was preferred. Board members queried the outcomes and buy-in for the Brecon Beacons Mega Catchment. It was explained that this was the beginning of a long-term delivery process on outcomes but the infrastructure for working with partners was in place. This was likely to span a couple of AMP periods to see the benefits on run-off to reservoirs. Board members queried the scale of potential future projects. It was explained that smaller projects had not been as effective as large-scale ones and the range of planned projects was described.
12. DCWW were asked what types of efficiency programmes were being put in place. It was explained that these flowed through the AMP periods and any efficiency generated would be reinvested. An overview of the structure and costs was described. It was noted that Ofwat would benchmark DCWW against other water companies.

13. The approach to managing the demand for water was queried. It was explained that there was a big metering programme planned for PR24 and the Cartref plan was described, which involved fixing private leaks and replacing inefficient or leaking private items. Work was taking place with Welsh universities on a behavioural programme and feedback from temporary use bans was being reviewed to understand behaviour change.
14. Discussion took place on the Wastewater side and the need to increase customer awareness about what went into the system. DCWW representatives highlighted the 'Stop the Block' campaign and localised engagement when a blockage source was discovered. The importance of incentivising citizens to do their part was discussed and examples of this were shared. Board members highlighted the importance of working together to deliver messages to customers as a call to action from trusted sources. The focus on phosphates was raised and it was highlighted that there was a need to develop understanding and education on the presence and impact of phosphates in household products. Engagement with manufacturers in combination with legislative change would be needed.
15. The Chair thanked the representatives from DCWW and welcomed the representatives from Hafren Dyfrdwy.
16. James Jesic, Managing Director of Hafren Dyfrdwy (HD), gave a presentation on HD's Investment Plan for Price Review 2024 (PR24). The background to HD was described. Education was highlighted as a key focus with an extensive customer education programme on water usage. The Lake Vrynwy estate was key in delivering on biodiversity goals and there was a huge programme on mitigating climate change. An ambitious target had been set of net zero by 2030. The challenges around having the lowest bills in the UK were recognised and this would need to be tackled in PR24. The focus on the Wellbeing of Future Generations Act, biodiversity enhancements, and CSO commitments were explained. The path ahead and HD's 2050 Strategic Direction Statement and Water Resources Management Plan were described. Climate change issues were highlighted, and factored in resilience and ensuring enough water in the future, including the importance of addressing behaviour change and achieving a true value for water.
17. The progress made during the current AMP period was described. HD were committed to improving water quality, delivering on, and going beyond, outcomes for rivers, through reducing spill frequency, working with the farming community, and taking a catchment management approach. The challenges around catchment management permitting would need to be worked through. HD were committed to being open and transparent and data was shared publicly. Maintaining high drinking water quality and driving compliance further ahead were also key commitments. The greater burden on the customer base with increased costs and the affordability challenge were recognised and the support available to customers was described.
18. Kristinn Mason, Chief Economist at HD, presented the Water investment plans for PR24. The headline areas were shared and included: Wrexham resilience; deepening biodiversity; replacing lead supply pipes; dams and reservoir safety requirements. Steph Pullan, Environmental Regulations and Permits Lead at HD, presented the Wastewater investment plans for PR24, which included: flooding resilience, lowering the risk of flooding and pollution; deepening biodiversity; NEP, protecting and enhancing the environment. The link between the plans in both the Water and Wastewater areas to the Wellbeing of Future Generations Act and the 2050 lens was highlighted.
19. A question and answer session took place between the Board and representatives of HD.

20. Board members welcomed the firm date to achieve ecological status by 2030. HD were asked to share their actions on CSOs. HD described the monitoring of CSOs in real time, which was enabling understanding of the issues and would then help to drive down spills. It was explained that methods of taking water out of the networks, such as the use of wetlands, were being considered for trial. Details were included in the PR24 Plan.
21. Board members appreciated the efforts to support customers who were most in need and asked whether the opportunity was being used to educate customers on water issues. HD confirmed that as a small local company, integrated into the community, all opportunities were taken to educate on behaviours, including in schools.
22. The small size of HD was noted and it was queried whether HD was too small to succeed in the long term. The Managing Director of HD explained that Ofwat reviewed financial stability and were confident for the next AMP period. They had achieved performance delivery. The financial position was described and there was a good growth agenda looking at efficiency and affordability. Board members queried the carbon offsets and whether these could be high quality. HD described the types of offsets, such as hydropower and peatland restoration. Also, business cases were being investigated for energy generation.
23. The work on customer and community engagement and support was welcomed by Board members and the main challenges on this were queried. HD confirmed that these were around developing the understanding about priorities in manageable amounts for the customer. Engagement with customers therefore took place right through the process on priorities, the Strategic Direction Statement, and investment choices to build customer understanding and gain a balanced picture on acceptability. This was still being developed but the theme of affordability was clear.
24. The scope of delivery with partnerships was queried. HD described the catchment approach, which would take an end-to-end view of impacts and look to reduce the reliance on chemicals and energy in water treatment. HD confirmed that work took place on HD-owned land but also in partnership working with the RSPB, Wildlife Trusts and NRW. HD river rangers engaged with local communities and the HD charity worked with local charities. There was scope for more partnership working, for example, with Public Service Boards, and HD welcomed any help or opportunities in this area.
25. The Chair thanked the HD team for their attendance.

Item 3: Flood Recovery and Review Programme Update and Winter Preparedness

Presenter: Jeremy Parr, Head of Flood and Incident Risk Management

Attendees: Nicholas Pritchard, Lead Specialist Advisor, Strategic Planning and Investment; Michael Evans, Head of Operations, South Wales Central; Lyndsey Rawlinson, Head of North East Wales Operations

26. The Executive Director of Evidence, Policy and Permitting (EPP) introduced the item, which would update the Board on the Flood Recovery and Review Implementation Programme (FRRIP) and Winter Preparedness following scrutiny of these issues at Executive Team (ET) and Flood Risk Management Committee (FRMC) meetings. An update on preparedness for summer issues was planned for a future Board meeting.
27. The Head of Flood and Incident Risk Management gave a presentation on the FRRIP. A reminder was given on the background to the FRRIP, which had been established following the 2020 floods. The statistics were shared on the 2020 flooding and a data event summary document had been published on the website. The Programme Delivery Red Amber Green (RAG) status was reported as Amber. Seventy-six out of the 94

actions had been completed. An overview of the completed actions was shared. An update was provided on the progress on rotas and training for staff. The outcomes to date were described. The 18 remaining actions were explained and the pathways for delivery for the actions that were overdue were described. The remaining actions were longer term for delivery in the future. An overview of some of the linked improvement projects was shared. The right time to close the programme was being considered but it was explained that closure of the programme did not mean completion and the oversight of the remaining actions and delivery was being developed. The Forward Look was shared.

28. Julia Cherrett as Interim Chair of FRMC reported on discussions held at FRMC. It was recognised that the governance needed to be proportionate. The closure reports were due to come to the FRMC meeting in January, and FRMC would be considering the process for the ongoing oversight of the remaining actions.
29. The Chair noted the Board concerns around the closure of the programme and the need to carefully consider the assurance around this. The Interim Chair of FRMC reported that FRMC had shared this concern but had been reassured by the team that the audit and FRRIP actions were embedded and checks on continuation of this would be embedded in Business as Usual (BAU).
30. The Chief Executive confirmed that this item had been regularly considered at ET and there would be a need to ensure that ET continued to have visibility of the remaining actions. An update would be provided to a future Board meeting to show how this visibility would be taken forward and continued to be driven and monitored.
31. The Executive Director of EPP as Senior Responsible Officer (SRO) for the Programme highlighted the changes to the Business Board risk management approach and the function of the Risk Registers in the oversight process. The Executive Director of Operations explained the role of the Operations team in the FRRIP Board and ensuring the business case close down. The Head of Flood and Incident Risk Management explained that a benefits realisation report was being considered after the closure of the Programme and following time for the benefits to fully embed.
32. The Head of Flood and Incident Risk Management gave a presentation on Winter Preparedness. The current situation was described, especially around the outcomes from the FRRIP. The workload was recognised as an issue for staff. The commitment and challenges were described, particularly around climate change and adaptation and the need for debate around this. Recruitment challenges were noted. The current three month forecast predictions for winter weather were shared. The measures on winter preparedness were described and included: asset management work around flood defences; monitoring stations; reservoirs; digital assets. Human resource assets were also noted. The areas of modelling, forecasting, detection, and warning were described.
33. It was highlighted that this was year-round work and achieved in partnership with Local Resilience Forums. Land management activities and the impacts from the Estates were described. There was also a need to consider the health and safety of NRW's visitor centres and sites. Other non-weather risks were explained, which included: energy shortages; industrial action; Covid/health issues; animal plant/health issues; cyber-attacks; drought; global supply chain issues. The work on business continuity was described. The Strategic Incident Response Group (SIRG) had been stood up and contingency planning was taking place. The key messages were shared around key services, prioritisation, improvements, managing risks, and checks/inspections. It was noted that NRW were in a better position for this winter than 2020 but were not

complacent. It was recognised that the team would be stretched and with climate change the situation would become more challenging.

34. Board members considered the update. The implications of a drier than normal winter for drought next year were noted and it was highlighted that there was a need to conserve water as much as possible.
35. Board members queried the possibilities for prioritisation and whether there was anything that could be stopped to focus resources. The Head of Flood and Incident Risk Management described which services had already been reduced, such as engagement activities, to enable focus on the rota and business continuity. It was confirmed that the Minister had received the update on winter preparedness.
36. The Chair thanked the team for their work.

Item 4: Strategic Discussion on Innovation

Presenters: Richard Cardwell, Manager, Interim Integrated Evidence Manager; Chris Collins, Head of Knowledge and Evidence

37. The Executive Director of EPP introduced the item and the Head of Knowledge and Evidence introduced the presentation and posed some questions for the Board to consider.
38. The Interim Integrated Evidence Manager gave a presentation. Work had taken place with staff on what they felt were the biggest barriers to innovation. The key issues that had been highlighted internally were described. These included: aversion to short term risks, speed of access to decision makers, use of language/jargon, proceduralism, collaboration across business areas. The Observatory for Public Sector Innovation (OPSI) model and the results for NRW's approach to innovation were shared and explained. ET had agreed that effort should be made on innovation in particular areas of focus rather than spreading efforts too thinly. The Board were asked to consider questions on: organisational risk appetite for innovation; balancing of immediate risks, cost, and challenge; should innovation be safe to fail?
39. Board members welcomed the discussion on innovation. It was recognised that innovation did not occur if an organisation was overly risk averse. The incentives for staff to innovate would need to be considered, along with the way in which innovation could take place. It was proposed that a skunkworks style approach was a successful model for innovative working, although it was recognised that NRW might not be institutionally ready for this type of approach.
40. Horizon scanning would be important, and it was queried how much this was embedded within NRW. The OPSI model had shown this to be a less strong section for NRW and therefore the importance of working with innovative partners was highlighted. It was noted that NRW were best placed to work with innovative partners, providing guidance on a good end product but not solving problems requiring innovation internally. It was suggested that innovation should be encouraged at all levels and scales but the key to this was leadership and the culture within the organisation. It would be important to be receptive to ideas while considering and learning from innovation in the past.
41. It was recognised that it was hard to get into the right space on innovation and the best way to equip staff to innovate moving forward would need to be considered, particularly around providing opportunities to look ahead. A culture of allowing innovation and a change in the psychology around failure would be needed. Examples were raised of risk aversion within NRW. The culture within the organisation and the importance of

governance and assurance were noted. There would be a need to think about the balance of controls and empowerment, which could be achieved by creating a safe space for innovation, such as innovation labs including others, for example, from universities and other Non-Governmental Organisations (NGOs). It was suggested that the evidence sessions could be opened up as a first step.

42. Board members agreed that creating the space within NRW for innovation would be important. Learning and input from others and obtaining different perspectives should be included. It was agreed that an event could be created to stimulate movement within NRW which included expertise and input from other organisations and universities. It was recognised that challenges on climate, nature and pollution required innovation. The opportunity to set aspirations in the new Corporate Plan was highlighted.

43. It was agreed that a 'hackathon' style event should be organised to free and stimulate movement on innovation. The Chair recommended that the Head of Knowledge and Evidence should convene a group including three or four Board members to design an event to work through the ideas and issues around innovation.

ACTION: The Head of Knowledge and Evidence to convene a group to design an event to work through the ideas and issues around innovation in NRW.

Item 5: Public Engagement and Transparency at Board Meetings

Presenter: Colette Fletcher, Head of Governance and Board Secretary; Kate Evans, Public Affairs and Private Secretary

44. This item was moved to the next Board meeting in January.

Item 6: Board Forward Look

Presenter: Colette Fletcher, Head of Governance and Board Secretary

45. The Head of Governance and Board Secretary shared the Board Forward Look document and provided an overview. It was highlighted that the PSB Wellbeing Plans item would be spread across the next few Board meetings.

46. The Board noted the Forward Look.

Item 7: AOB

47. The Terms of Reference for the Board and Committees had been circulated for comments in advance of the meeting. The Board approved the Terms of Reference for the following: NRW Board; Audit and Risk Assurance Committee; Evidence Advisory Committee; Finance Committee; Flood Risk Management Committee; People, Customer and Stakeholder Committee; Protected Areas Committee.

APPROVED: The Terms of Reference for Board and Committees.

48. Mark McKenna followed up on the discussions at the Board meeting and noted that it would be good to get some perspective from outside Wales and the UK. Learning from the approach taken by overseas organisations could provide valuable input into the discussion going forward.

49. A private Board discussion took place.

- Board meeting closed -

Public Q&A

50. The Chair welcomed members of the public and explained that alternative options for public engagement being developed.

51. The Board took questions from:

- a) Mr Justin Davies from Câr-Y-Môr on marine licensing issues.
- b) Mr Kim Waters from the Welsh Rivers Union on water quality issues, specifically relating to the Wye and the Usk.
- c) Mr Lloyd Evans on the state of the non-SAC Tâf river catchment.
- d) Mr James Wallace, CEO of River Action, on ensuring sufficient funding to address water quality issues.
- e) A comment was received by Mark Barrow on sewage and agricultural pollution of rivers and the threat to ecosystems and public health.

- Meeting closed -

Board Meetings										
Action No.	Meeting Category	Meeting Date	Item No	Para No	Paper Sponsor	Action	Owner	Due	Status	Notes/Updates
41	Public	26/05/2022	7	46	Ceri Davies, Executive Director EPP; Sarah Jennings, Executive Director CCC	ACTION: The Chair and Chief Executive to develop the governance on the new Board sub-committee on the approach to NRW managed land.	Chair and CEO	23/03/2023	Ongoing	Terms of Reference to be agreed at the first meeting of the NRW Land Estate Committee on 19/01/23 and approved at the March Board meeting.
51	Public	14/07/2022	8	40	Ceri Davies Executive Director EPP	ACTION: An update to be circulated to Board members of the Brecon Beacons mega catchment project.	Ceri Davies Executive Director EPP	17/08/2022	Ongoing	With the Head of South West Wales Operations for review.
64	Public	16/11/2022	2	3	Sir David Henshaw	ACTION: Secretariat to review the minutes for Zoe Henderson's suggested amendment.	Secretariat	14/12/2022	Completed	Updated version published on the website
65	Public	16/11/2022	5	15	Sir David Henshaw	ACTION: Positive feedback from the Board on the Evidence Conference to be passed to the team.	Secretariat	02/12/2022	Completed	Email sent 02/12/22
66	Public	16/11/2022	5	22	Sir David Henshaw	ACTION: Secretariat to include updates from other fora within NRW in the Committee Updates Board agenda item.	Secretariat	06/01/2023	Completed	NRW Forum leads contacted and on agenda for January Board
67	Public	16/11/2022	6	26	Rachael Cunningham Executive Director finance	ACTION: The Executive Director of Finance and Corporate Services and Head of Finance to consider how best to keep the Board sighted on key financial decisions for 2023-24.	Rob Bell, Head of Finance; Colette Fletcher, Head of Governance and Board Secretary	10/01/2023	Completed	Board will receive an update in January and a further update with feedback requested following February's Finance Committee. The final budget will be then be presented in March.
68	Public	16/11/2022	7	31	Clare Pillman CEO	ACTION: The Business Case for the Cardiff office accommodation to be circulated to the Board.	Victoria Rose-Piper, Head of Business Support Services and Adfywio	26/01/2023	Completed	
69	Public	16/11/2022	9	37	Sir David Henshaw	ACTION: The Executive Director of Finance and Corporate Services to review the protocols for the use of weedkiller at the Dolgellau offices.	Victoria Rose-Piper, Head of Business Support Services and Adfywio	09/01/2023	Ongoing	The Team Leader, Fleet and Facilities, to update on weedkiller protocols
69a	Public	16/11/2022	9	36	Sir David Henshaw	ACTION: A meeting to be arranged between the local team and the Chair of the Dysynni Internal Drainage District.	Martin Cox, Head of North West Wales Operations	09/01/2023	Completed	The local team have regular meetings with the IDD. On Monday 12 December the Operations Manager, Land and Assets, and the local team met with the local MS, FUW representatives for the Dysynni IDD. There is a meeting scheduled with the Chair of the IDD for 19 Jan 2023.
70	Public	17/11/2022	4	43	Ceri Davies, Executive Director EPP	ACTION: The Head of Knowledge and Evidence to convene a group to design an event to work through the ideas and issues around innovation in NRW.	Chris Collins, Head of Knowledge and Evidence	11/01/2023	Completed	Meeting in diaries for 11th January 2023

NRW Board Paper

	Paper Details
Paper title:	CEO Report
Paper Reference:	23-01-B07
Paper sponsored by:	Clare Pillman, Chief Executive
Paper Presented by:	Clare Pillman, Chief Executive
Purpose of the paper	Information/Discussion

Introduction

1. As I write this the rain is teeming down again, and there is a Yellow Weather warning out, along with flood alerts and warnings across Wales. It is almost unbelievable that we were dealing with the impacts of drought only a few months ago. But with the ground becoming increasingly waterlogged and the forecast suggesting a wet February, we are working closely with partners and the public to drive home flood resilience and preparedness messages. Aside from the weather, it has once again been a challenging few months, with the impact of Covid and other bugs still in evidence in the high levels of sickness across the country mirrored in NRW. And the threat of industrial action continues to impact our – and our partners’ - business continuity planning.
2. The Christmas and New Year period was busy for many of our colleagues, with rain tending to fall heavily on bank holidays! Whilst we all work hard throughout the year, I am always grateful to those who volunteer to cover rotas at this time of year and go the extra mile to enable colleagues to enjoy the break.
3. We are seeing some changes in personnel at Welsh Government, with Gian Marco Curado taking on the role previously done by Tim Render, leading on Agriculture reform and rural affairs, and Claire Bennett, a long-serving Welsh Government Director, who has previous experience of the Environment and Climate briefs, coming in to take on Gian Marco’s role, including the formal sponsorship of NRW. Claire starts her new post on 27 February and we will try to get her along to some part of the March Board meeting. The Chief Vet, Christianne Glossop, retired in October, and her successor, Dr Richard Irvine, has just been announced.

4. As the tenure of the current Future Generations Commissioner for Wales, Sophie Howe, comes to an end, her office has published a list of 100 recognised “changemakers” – inspirational people bringing about positive change in Wales in the context of the Well-being of Future Generations (Wales) Act. I am delighted that NRW colleagues have been recognised in this list, and we are looking forward to continuing our close relationship with the Office when the incoming Commissioner, Derek Walker, starts his new role in the spring.

Stakeholder Engagement

5. Following the launch of the Nature Positive 2030 Report ahead of the Conference of the Parties 26 (COP26) in 2021, our work to promote the urgency of supporting nature’s recovery continued apace last year as Sir David and I joined fellow leaders of the UK’s nature conservation agencies at the Royal Society in London on 23 November to launch a statement that called for urgent action to recover nature for the benefit of the UK’s future economic prosperity and societal wellbeing ahead of COP15.
6. In front of an audience of environmental partners and stakeholders, we came together with one voice to underline our joint ambition to support the four governments of the UK to do more to halt species and biodiversity decline, to go further and faster on nature recovery and do much more to align action to tackle the climate and nature emergencies.
7. The statement and contributions from all involved have been warmly welcomed and provided us with the platform to highlight how Wales is already leading the charge in tackling both the biodiversity and climate crises in unison ahead of COP15. We look forward to continuing our work as part of the Statutory Nature Conservation Bodies group in 2023.
8. Later that week, I spent an enjoyable day with the North Wales Wildlife Trust. With their UK CEO Craig Bennett in attendance, we visited the Wrexham Industrial Estate Living Landscape site, Aberduna Nature Reserve and the Alun and Chwiler Living Landscapes project.
9. Sadly, I had to miss the Royal Welsh Winter Fair because I had Covid, but I am grateful to Dav Letellier and Marc Williams who stood in at my planned meetings with the Farmers’ Unions, and to all the colleagues who attended over the two days. It was particularly good that Martyn Evans was able to be there to answer questions about the Strategic Review of Charging (SRoC).
10. Before Christmas, I met with Interim Environmental Assessor Dr Nerys Llewelyn Jones, and David Clubb, the Chair of the Infrastructure Commission. I also had an introductory meeting with the new Interim Director for Wales at Network Rail, Nick Millington, and met Huw Irranca-Davies, the MS for Ogmere, and Chair of the Climate Change Committee at the Senedd.
11. Sir David and I have met separately or together with the Minister for Climate Change on a number of occasions to discuss a range of issues, including, most recently, our

budget settlement for the coming financial year. We also met the First Minister to discuss Marine Renewables.

Strategic Issues

Strategic Review of Regulatory Fees and Charges (SRoC)

12. A twelve-week public consultation began in October 2022 on our proposed regulatory fees and charges for 2023/24, which are based on full cost recovery principles. We are using the consultation to understand how our charge proposals could affect those who apply to NRW for permission to undertake regulatory activities.
13. As of 3 January 2023, we had received 64 responses. Over half relate to the proposed changes for the agricultural sector; this coincides with press and media focus on the proposed increases to charges for applications to dispose waste sheep dip to land.
14. We have produced an impact assessment to understand the potential financial impact the charging proposals might have on the agriculture sector. This assessment, which has been shared with relevant Welsh Government (WG) officials, concludes that the charging proposals apply to a small subset of farms, with no single proposed charging scheme projected to affect more than one percent of farms in Wales.
15. We acknowledge that our proposals coincide with wider financial pressures from inflation and the subsequent impacts of increased cost of living. These very real concerns must, however, be balanced with our requirement to abide by WG's principles for Managing Welsh Public Money, to promote the sustainable management of natural resources and to rise to the challenges we face through the climate and nature emergencies.
16. The proposed charges will help to support these priorities by ensuring that our Permitting teams are sustainably resourced to provide permits that support business and proactively protect the environment. In addition, income that would otherwise have been used to fund the permitting activity shortfall will be freed up to pay for compliance activity. Our estimates, based on forecasted permit volumes in 2023/24 and taking account of current financial and economic pressures, equate to a forecasted additional £2.5 million of income.
17. The public consultation closes on 7 January. We will use the feedback to inform our new charging schemes, which we hope to implement from 1 April, subject to internal and Ministerial approval. We believe much can be achieved from the review, enabling NRW to provide a valued, resilient, and outcome-focused regulatory service.

Better River Water Quality Taskforce and Storm Overflows Roadmap

18. With WG, Ofwat, Dŵr Cymru/Welsh Water (DCWW) and Hafren Dyfrdwy, we have established a Better River Quality Taskforce to evaluate the current approach to the management and regulation of overflows in Wales and set out detailed plans to drive rapid improvement. Afonydd Cymru and the Consumer Council for Water are providing independent advice to the taskforce, offering insight and challenge from a stakeholder and customer perspective.

19. On 5 July 2022, the Taskforce published a Storm Overflows Roadmap for Wales comprising five detailed action plans setting out clear objectives and measurable outcomes for delivering improvements to overflow management in the short and long term. In December, we provided the Climate Change, Environment and Infrastructure Committee (CCEI) with an update on progress towards bringing 'unpermitted' storm overflows within the regulatory regime, in relation to a recommendation in the Committee's March 2022 report on Storm Overflows.

Publication of the Cross-Border Severn River Basin Management Plan

20. Last summer, we published the latest River Basin Management Plans for Western Wales and the Dee River Basin districts. The Severn River Basin Management Plan, led by the Environment Agency (EA) in collaboration with our teams, was published on 22 December 2022, completing the set in Wales.
21. Updated every six years, these plans set the direction for how we will manage, protect, and improve our water environment in Wales. Our rivers, lakes, wetlands, ground waters, estuaries, and coastal waters – including those in protected areas – all fall under the plans. The process allows us to develop a detailed understanding about the state of our water environment, the pressures on it and what measures are required to improve and protect it, using existing and new evidence.
22. Years of work by our experts in all areas of water quality and management goes into producing the plans, working alongside our partners and stakeholders. This has been a particularly difficult planning cycle due to the challenges of Covid, redirected resource and the ongoing public and political attention on water quality.
23. The planning phase has now ended, and we are moving into delivery of the commitments made in the plans.

Price Review 24 (PR24)

24. NRW continues to work with WG, Ofwat, water companies and the Consumer Council for Water to set out the requirements of the environmental obligations on water companies operating in Wales, for inclusion in their PR24 business plan submission to Ofwat in October 2023.
25. PR24 will establish the funding for water company investment in Asset Management Programme 8 (AMP8 2025-30). The scale of investment required is both significant and needed to address current impacts on the environment, prevent further impact and ensure the sustainable management of water company assets and resources for current and future customers.
26. Planning for future climate impacts is key to decision making. We invited the water companies to present their PR24 proposals to the NRW Board in Nov 2022. Given the scale and pace of investment needed to address and prevent harm and ensure their operations are more resilient to climate change, we have asked them to return to our May 2023 session ahead of their formal submission of their draft plans to Ofwat in October 2023.

27. A “Team Wales” approach is required to deliver at scale and pace to address the climate and nature emergencies. Other sectors, such as agriculture, need to act alongside water companies to achieve the ambitious outcomes we want to see.

Special Area of Conservation (SAC) Rivers Project

28. We continue to work with Welsh Government and others on the draft SAC Rivers Action Plan cited in the First Minister’s Written Statement following the Phosphate Summit held at Royal Welsh Show in July and referenced in Julie James’ (the Minister for Climate Change) November statement on water quality. The intention is to hold a follow up Summit on the 9 February in Cardiff and our Chair has been asked by the Minister to convene a meeting in advance of this with the key players.

29. In this update we have focused on what NRW has achieved in the project to date.

- We have set the water quality targets for the rivers, published the Phosphate compliance assessment (and automated how we do this more efficiently in future) and updated the water quality targets in the Core Management Plans for each failing SAC river. The updated planning advice to Planning Authorities has now been shared and is on our website and work on version 4 is commencing. Our Interim permitting position where we have stopped additional Phosphate going into the SAC rivers has now been shared and is being applied. Those making applications have been advised and given the option to withdraw with 36 having taken this up to date.
- We have facilitated the setting up of the Nutrient Management Boards (except Wye which was already established) by bringing together the relevant officers and sharing draft terms of reference. We have also invited officials from Herefordshire to be part of the group and to learn from their experience on the Wye.
- In relation to the Phosphate Action Plan, we have drafted a specification for Welsh Government for an all-Wales nutrient calculator that they are leading on procuring. We have also reviewed the Carmarthenshire nutrient calculator and issued an opinion highlighting that whilst there are some questions with respect to assumptions that need reviewing, using it now, whilst the all-Wales calculator is developed, is acceptable.
- Our nutrient neutrality principles have been published on our website and they set out the principles we expect to be followed when proposals impacting the SACs are being considered by decision-makers including NRW. We have shared a list of draft mitigation options for inclusion in the menu approach detailed in the Action Plan.
- Additional evidence has been collected (sondes for Wye trial and diatom and invertebrate sampling in Wye) as well as safeguarding the water quality monitoring we undertake in the SAC rivers. Data obtained so far has been used to track the effects of the summer heatwave and drought and the measures put in place to mitigate its effects. Opportunities for installing telemetry to access data in real time and to extend the sonde network into other SAC catchments are being investigated

- We have worked with DCWW on the development of the Source Apportionment GIS (SAGIS) catchment models which has involved our own independent quality assurance of the models and publication of draft non-technical reports on the calibration for four of the failing SACs. We also continue to work with DCWW in relation to the requirements for the SAC rivers as part of the National Environment Programme.
- Responding to numerous queries from MPs, MSs, press, public, developers, and Local Planning Authorities continues to be an area that is demanding and reactive. We continue to be represented on several external groups such as the WG Oversight Group, the Planning sub-group which we initially led, and the Agriculture subgroup that is about to be formed. We have also met with several developers and been involved in specific meetings with various WG departments the most recent in relation to social housing developments and the programme for government commitments.
- Throughout this we have aimed to keep our own staff up to date through webinars, monthly highlight reports and updates via various groups.

30. We are reliant on others playing their part in supporting this work and having a team Wales approach. DCWW need to progress their monitoring programme for the sites where we will be introducing phosphate backstop limits. Delays to this will significantly impact on knowing if there is any headroom in the permits. Nutrient Management Boards, key to moving forward and collaborative working, will need to produce Nutrient Management Plans ensuring actions will be delivered.

31. There is a role for Ofwat to agree to the Phosphate improvement schemes earlier than December 2024 otherwise planning decisions wanting to connect to these treatment works could be on hold. Finally, the agriculture sector will need to input into the Nutrient Management Boards, to acknowledge it is a significant part of the problem (more in some catchments than others) and sign up to some of the relevant actions in the Nutrient Management Plans.

Natur am Byth! – Species recovery and people engagement programme

32. Our flagship nature recovery partnership between NRW and nine environmental charities is close to completing an eighteen-month development phase of planning, consultation and fundraising. The work will culminate in a delivery phase funding application on 23 February to request £4.1 million from the National Lottery Heritage Fund, supporting a £7.3 million four-year programme of action for species recovery and community engagement. Activity will focus in eleven Place-based projects each led by one of the partnership organisations, with NRW leading the overall programme of delivery that includes a national arts engagement initiative, communications strategy, trainee placement scheme, and training programme for staff, landowners and volunteers.

33. 146 sites have been profiled for habitat management and monitoring to deliver action for 68 target species that are classified as threatened with extinction in Wales or in serious decline. Throughout the funded development phase, a team of thirteen partnership staff have consulted with over 4,000 members of the public with 325 face-

to-face and online activities to determine what species recovery means to their communities. Feedback confirmed that the public need support and signposting to how they can take action for nature on their doorstep; this has helped shape our programme of activities to be inclusive, reach less-seen audiences and build the nature ambassadors of tomorrow.

34. Natur am Byth aims to deliver an innovative programme of arts-based engagement, bringing to life the stories of threatened species in Wales and working with Public Health Wales to measure the wellbeing outcomes for participants. Building on the strategic partnership between NRW and the Arts Council for Wales, we have collaborated to design a quality commissioning process for a team of freelance arts professionals deployed across the Place-based projects and curated nationally to bring the public messaging and artworks together in an exhibition celebrating Welsh nature.
35. Equality, diversity and inclusion specialists have worked with the partnership to profile new audiences reflecting our programme objective to create a more resilient environment sector in Wales, better equipped to deliver green recovery. This approach has been welcomed by the National Lottery Heritage Fund who place emphasis on the need for our sector to engage with a wider range of people. If the delivery phase application and associated match funding is successful, this programme will change the status of its respective partners in Wales – upskilling staff, volunteers and a cohort of new trainees to deliver nature recovery to a wider audience.

Beavers in Wales

36. We have been asked by WG to work with them in prioritising a review of available evidence to inform the development of a policy framework and position on beaver re-introductions in Wales. This work will also inform the position with regards to the potential future legal protection of beavers in Wales.
37. To support the development of a policy framework in Wales, NRW specialist and technical staff are now reviewing the available evidence on beavers, considering it in the context of the Welsh environment and the Welsh environmental policy and legal framework. Staff are utilising the existing evidence reviews from England and Scotland to assess how they might apply to Wales and identifying any evidence gaps. The intention is to complete this review by spring 2023.

Operational Issues

New legacy Coal Tip safety procedure introduced

38. NRW have been working with the Coal Authority (CA) in relation to a new approach to legacy coal tip inspection following heavy rain. The new procedure applies to the ten highest-risk coal tips on the WG Woodland Estate and is triggered when our existing hydrometry and telemetry stations in proximity to a tip record a rainfall exceedance of 40mm in 24 hours for two consecutive days. This triggers an alert to the CA to undertake an inspection of the tip within 24 hours. The system also sends a message to NRW duty officers.

39. The new procedure was first triggered following rainfall on 20 December and resulted in the CA undertaking inspections at three legacy tips on NRW managed land. A recommendation was subsequently made by the CA to undertake some minor drainage improvements at one of the three sites inspected.

Topmouth Gudgeon Eradication – Sandy Water Lakes, Llanelli

40. NRW and Carmarthenshire County Council hosted a drop-in event for residents and users of the Llanelli Millennium Coastal Park on 5 January. The event informed the public of the work beginning later this month (with support from EA) to eradicate topmouth gudgeon, an Invasive Non-Native Fish Species (INNS), from the lakes.

41. Over 100 members of the public attended to learn more about the planned work, which includes the use of a piscicide (chemical) to kill the fish, lowering of the water levels in the lakes and the need to exclude public from the site whilst the work is being undertaken. The public event went well with positive feedback received from local councillors, as did a follow-up engagement session with members of the cockle industry who raised no concerns surrounding the use of chemicals and the effect on cockles.

42. Despite being a small fish, topmouth gudgeon particularly threaten native fish in Britain. As well as eating the eggs of other fish, they breed rapidly and out-compete native fish for food and habitat and can carry novel parasites and diseases which are harmful to our native species. Their presence in the lakes not only threatens the local wildlife but if they were to spread, could have a serious impact nationally.

43. The control at Sandy Water Park is part of a five-year programme focusing on topmouth gudgeon as a species of special concern listed under the retained EU Regulation 1143/2014 and the Invasive Alien Species (Enforcement and Permitting) Order 2019. We are also the enforcing authority for the Salmon and Freshwater Fisheries Act 1975 and the Import of Live Fish Act 1980. This enables us to regulate the movement and keeping of fish in the wild. We manage, control and where necessary eradicate invasive non-native fish to protect our aquatic environment and the valuable fisheries it supports.

Wildfire Secondment

44. From January 2023, Group Manager Craig Hope from the South Wales Fire & Rescue Service will be seconded into NRW for six months to provide specialist technical advice for wildfire within Wales.

45. He will focus on strategic prevention and proactive work we can undertake across Wales in a variety of habitats and landscapes to prepare for the increasing risk of wildfire predicted under climactic changes in the future. His work will also develop our internal response, partnership approach and incident management of wildfires on our managed estates.

46. Craig will be hosted under the Healthy Hillside Project in South Wales but will work internally and externally with key partners across Wales to create a multi-functional Wildfire Toolkit, to help reduce the severity of wildfires and better prepare NRW and our external partners for wildfire risk.

Sustainable Commercial Development

Renewable Energy Developer Programme

47. We are working with WG and Local Partnerships to consider how the new developer board will operate and whether there would be any change to how NRW operates regarding wind farms. The consensus is that we will treat the new developer as we would any private company and any change will be in concentration of workload. To accommodate the anticipated strong demand for resource, we have proposed additional resource for the Commercial team and the delivery teams north and south.
48. A joint presentation involving NRW and WG will take place at the NRW Land Estate Committee on 19 January, outlining the WG position and enabling their vision for the Estate with regards to renewable energy to be factored into our overarching plans.

Timber Sales and Strategy

49. There has been no significant change in timber market conditions. The market for sawn logs is sluggish, whilst chip wood sales are generally good. The construction market remains uncertain. Current inflation costs are impacting the cost of haulage, while labour and additional equipment needs will continue to impact appetite for processing within the supply chain. No real change is expected in the next four months.
50. There is however some emerging confidence that spring demand for fencing and pallet material will improve, although without reaching the normal highs. The February 2023 sale catalogue was published before Christmas and thanks to collaborative effort, we should end the year at 97% of target. The timber income forecast remains at £33.4 million for 2022/23.
51. The Timber Industrial Strategy Working Group led by WG has held planning meetings to set the project structure and terms of reference. There will be a small central working group comprising WG, NRW, Confor, Wood Knowledge Wales, Bangor University and Pobl – thereby covering the timber industry, housing, growers, academia and economy. There will be a much larger and wider reference group to provide input, review and feedback as the work progresses.

Customer Engagement

Complaints

52. Internal Audit carried out a follow-up audit of our complaints handling procedure, in which we achieved Good Progress. We have made improvements over the last two years to ensure staff feel supported with complaint handling and receive adequate training, and to streamline our process while maintaining robust outcomes. During the next financial year, we will be working to ensure lessons learned are embedded across the organisation and that we improve our services based on complaint feedback.
53. The Complaints Standards Authority (CSA) presented the new model complaints handling process to the Leadership Team Group (LTG). According to the CSA, “The goal of good complaints processes is not to deliver fewer complaints. The goal is to

maintain relationships, protect reputations and improve services for all users.” We have now implemented this new model policy in NRW.

54. The new model focuses on a proportional approach to complaint handling. There are only two stages, the first involving quick informal resolution within ten working days; the second requires a formal investigation and response within twenty working days. Information and data are used to improve services for everyone, with performance reported and published quarterly.

Welsh Language Standards

55. The Welsh language “Buy a Rod Licence” service became live on the .gov website on 13 December 2022. This enables anyone who wishes to purchase a licence online to do so in Welsh. Our Translation Team worked closely with Environment Agency staff in translating the necessary information and helped to test the service prior to launch. There is still some work to do on the .gov site to ensure all the information is available in both Welsh and English and this work will continue for the next six months.
56. We have been non-compliant with our Welsh Language Standards in relation to this online rod licence purchase service for several years. The Welsh Language Commissioner is aware of the further work required in ensuring that the service is fully bilingual and is working closely and advising us on this matter.
57. The launch of the service was a soft launch to ensure the service worked properly. We will promote the new Welsh language option on our website and provide a direct link to the .gov website. Additional communications will go out to stakeholders and wider public in the new year to promote the service and encourage those purchasing rod licences to use the service in Welsh.

Communications & Digital

58. As COP27 and COP15 got underway in November and December, our communications activity was largely dominated by our work to tackle the climate and nature emergencies. We capitalised on the opportunity to promote a range of climate and nature projects aligned to the daily themes of COP27 and worked with BBC Cymru Wales to develop an interview package on the impact of climate change on nature.
59. We also worked with Cardiff University to deliver a session on tackling the emergencies in unison during Wales Climate Week and supported the launch of the Four Rivers for LIFE project. We highlighted a range of new biodiversity projects funded through the Nature Networks Programme and Resilient Communities Grants during COP15 and continued the promotion of our peatland restoration projects. Work to develop the joint statement from the UK statutory nature bodies calling for urgent action for nature culminated in the event at the Royal Society in London mentioned previously; this was supported by a coordinated communications campaign including videos from the event which supported our wider communications activity around COP15.
60. November saw the continuation of our winter preparedness work, which included a mini-social media campaign over Wales Climate Week to highlight NRW’s key flood warning and informing services, working with Met Office to share messages around

winter flood risk and promoting strong messaging around visiting our sites safely during cold snaps.

61. Our communications around our regulatory work focused on the outcomes of successful prosecutions, the publication of the Annual Regulation report and the SROc consultation, taking the opportunity to rebut inaccurate reporting on the latter. This was further strengthened by conversations with the agricultural sector at the Royal Welsh Winter Fair.
62. We continued our engagement with members of the Drought Comms Liaison Group to coordinate our communications as Wales moved from drought to drought-recovery status, throughout this period.
63. Media requests related to woodland creation, water quality and climate induced flood-risk continued. We worked closely with WG to announce the bathing water results and how we would take a proactive approach to addressing the failure at Marine Lake in Rhyl. We also proactively supported the findings of Audit Wales' report on the Picture of Wales' Flood Risk Management as well as our own Annual Regulation Report.
64. Our proactive communications around the Angel Shark project and Ynys Llanddwyn's inclusion in the First 100 Geological Heritage Sites list also continued to attract broadcast media attention. And our Christmas social media campaign this year focussed on 'Gifts for the Planet'.

NRW's Website

65. Improving the day-to-day requests for NRW website updates has been a recent priority. We have had great collaboration between NRW departments and support from specialist external suppliers to improve awareness of what the NRW website is for (and not for) and review processes for creating and publishing web content. The Digital Team will continue to focus on increasing awareness and training for user-centred design in 2023.
66. The team continue to build up evidence about our users. From looking at what customers contact our Customer Hub for, website analytics, how people fill in online forms, and through detailed with external service users. The team did a great presentation at the Evidence Conference on "how we use evidence to improve services".

Internal Issues

Working Styles

67. The new Working Styles Policy went live on 8 December. The policy was developed with input from managers, trade unions and staff.
68. Following our changed ways of working as a result of the pandemic, there have been benefits to staff and the organisation, particularly in relation to decarbonisation. The purpose of the policy is to enable managers to define the level of attendance in time and/or location for service delivery. This will then set the level of flexibility available for each staff member in their role.

69. Agile working is a voluntary and informal arrangement and we have asked staff to complete a Working Styles Plan by 31 March for consideration by their line manager.

Ein Llais / Our Voice

70. In February, we will invite our colleagues to take part in Ein Llais / Our Voice, a survey to help us understand the employee experience within our organisation. It will be the start of a structured programme of engagement involving our external supplier, People Insight, that will provide insight to inform our development from the perspective of our staff.

71. The results will provide a clear baseline and evidence from which we can understand the experience of working here, what works well and what we can do better. We have developed a post-survey process to prioritise issues, carry out further engagement to understand root causes, and feedback the findings – followed by further surveys to check progress over the next four years.

72. This structured approach to listening to our staff and, more importantly acting on the results, will help us become the organisation we need to be to deliver against the ambitions of our next Corporate Plan.

ISO 45001 Re-certification

73. NRW's Environmental Management System is certified to ISO 45001 standard and ensures we effectively manage the impact of our activities on the environment. The external audit cycle, overseen by BSI, runs over three years and covers all NRW sites and almost every aspect of our work.

74. The re-certification process began in October and finished in early December, with twelve audit days involving various teams and sites across Wales. Following the audit, NRW was successfully awarded re-certification to ISO 45001:2018 standard. Previous minor non-conformities were assessed and closed off, apart from one relating to training and learning & development. Three new minor non-conformities were noted, relating to working at height, management of noise at work and a premises risk assessment.

Vision for Good Governance Programme (VfGG)

75. This is one of several programmes that make up the Business Transformation portfolio. The programme has now been scoped in full, with some work already underway. We are awaiting confirmation of the resource required to deliver the remainder from the start of the next financial year.

76. VfGG is a strategic, high-level transformation programme. Its vision is to have an NRW where governance is fit for purpose, adds value, and helps the organisation achieve and deliver its purpose. Additionally, it aims to ensure we have a Governance Operating Model that satisfies compliance and assurance needs and meets good practice standards, whilst remaining proportionate and dynamic. If successfully delivered, the work will see a step change in governance that will have a positive impact across the organisation.

77. Currently there are five workstreams within the programme, which will take three years to deliver. The workstreams cover governance structures and processes, the governance operating model and toolkit, culture and compliance, risk-based decision making, and developing an internal controls and assurance environment.
78. Some of the workstreams need to be delivered before others. The immediate priority relates to workstream one and ensuring that we have fit for purpose governance structures in place to facilitate the successful delivery of the Corporate Plan from April onwards. We are working with our strategic partner, Deloitte, to explore the limits of the current governance structure and options for change. This will include ensuring a clear link between the governance structures and the delivery of the three wellbeing objectives.
79. Members of the People, Customer and Stakeholder Committee (PCSC) will receive more detail over the coming months on this piece of work. Progress against the VfGG programme will be reported to ARAC as it progresses.

Board and Board Committee Effectiveness Reviews

80. We have decided to postpone the external Board and Committee Effectiveness Reviews until later this year so that those new Board members expected to be appointed this month will have the opportunity to participate. We are also keen to capture the insights, opinions and experience of the Board members who are due to step down this year and are therefore exploring ways to facilitate their involvement in case the external reviews now occur after their leaving dates.

WG's Tailored Review Programme

81. In line with guidance issued by the Cabinet Office in 2019, WG are intending to implement a new programme of Tailored Reviews to ensure regular assurance and challenge to the continuing need, efficiency, and good governance of Welsh Public Bodies (WPBs).
82. A Tailored Review is a collaboration between the WPB (Executives and Board), its Sponsorship team within Welsh Government, and the Public Bodies Unit (PBU) Tailored Reviews team. The first phase of the programme will focus on agreeing some thematic reviews and a few individual reviews of WPBs as is feasible within resource and budget, whilst strengthening some of the process, i.e. appointing a review panel. The second phase needs to be considered and agreed as part of the first phase to ensure that all public bodies will be reviewed by 2031.
83. The WPBs in scope are all WG Arm's Length Bodies (ALBs) with classification as Non-Ministerial Departments (NMDs), Executive Agencies (EAs), WG Sponsored Bodies (WGSBs), and companies owned by WG Ministers. A Handy Assessment Risk Tool (HART) has been developed to measure the inherent risk and residual risk of a public body and the Governance & Risk Team at NRW has been feeding into its development and subsequent consultation.
84. The HART score, together with discussions with the public bodies and sponsorship teams, will inform the Tailored Review programme for ALBs for 2023-2026, as well as informing the second phase of the programme between 2026 and 2031. Once finalised, the programme will be reviewed on an annual basis with WG partnership teams to

ensure it remains relevant to the changing risks WPBs face as evidenced by the HART scores submitted.

85. We have been informed that NRW will be part of the second phase, and therefore will not be subject to review until 2026 at the earliest. A more detailed briefing is available from the Board Secretary and Head of Governance on request.

Forward Look

Tuesday 7 February – Protected Areas Committee

Thursday 9 February – CCEI Annual Scrutiny of NRW's Performance

First Minister Summit on Water Quality

Finance Committee

Wednesday 15 February – Board Update Call

Thursday 16 and Friday 17 February – Induction for new Board members

Tuesday 21 February – Evidence Advisory Committee

Thursday 2 March – People and Remuneration Committee

Tuesday 7 March – Finance Committee

Thursday 9 March – Audit and Risk Assurance Committee

Wednesday 22 and Thursday 23 March – NRW Board Meeting

Tuesday 6 June – Senedd Event: Corporate Plan Launch

Written update for the January 2023 NRW Board Meeting

Title:	Written update - Audit & Risk Assurance Committee (ARAC) update
Reference:	23-01-B08
Update reviewed by:	Karen Balmer - ARAC Interim Chair
Update presented by:	Karen Balmer - ARAC Interim Chair

Purpose of update:	Information
Recommendation:	To note the update

Issue

1. This written update for the Board is in respect of 15 December 2022 ARAC meeting.

Update

Audit Wales

2. Audit Wales had provided a written update, which contained links to the numerous reports Audit Wales had undertaken that could be of interest to NRW. Audit Wales noted that since the last ARAC meeting in September, the 2021-22 accounts had been signed off subject to the Management Letter.
3. Audit Wales would present their Learning from Cyber Attacks Report at an extraordinary ARAC meeting on 13th January.

Finance Update

4. ARAC were provided with an update which included: implementation of new software; losses, special payments and single tender actions; and learnings from the Laboratory Information Management System (LIMS).

Internal Audit Update

5. Several internal audit reports and one follow-up report were presented to ARAC. ARAC also had sight of the 2022-23 and 2023-24 draft internal audit plans, which were approved.

Leadership Challenge Management Assurance

6. Following the September ARAC meeting, the Executive Team had discussed issues relating to the LIMS project which included the level of technical leadership, project and contract management and compliance.

7. Significant progress had been made which included the procedures of project management and additional support to be provided for major contracts. Awareness had been raised around the second line assurance since the September ARAC meeting.
8. Although the Committee were more reassured following the discussion, they were still concerned how progress would be identified with the recommended changes. It was agreed more detail was required which would include how this learning would link with the Corporate Plan, and how to monitor progress.

Risk Management Update

9. A quarterly risk update was provided to ARAC. The discussion included difficulty in recruitment and a skills shortage risk. A deep dive of Strategic Risk 07 (Compliance) would be completed at the March ARAC meeting.

Board Paper

Paper Title:	Finance Committee Update
Paper Reference:	23-01-B09
Paper Sponsored By:	Sir David Henshaw - Finance Committee Chair
Paper Presented By:	Sir David Henshaw

Purpose of Paper:	Information
Recommendation:	To note the update

Issue

1. This paper provides an update to the Board following the Finance Committee meeting on 10 January 2023.

Update

Finance Update

2. An update was provided on latest financial position for 2022-23.
3. The Committee discussed and endorsed the finance approvals for: the Upper Wye River Restoration Programme; the Natur am Byth Programme; the Ammanford Flood Management Scheme; the Minor Works and River Asset Maintenance Framework; the Leasing of parts of Welsh Government Woodland Estate for Telecommunications masts (WGWE); and the Managing our Money Amendments.
4. The Ammanford Flood Management Scheme would also be taken to the Flood Risk Management Committee ahead of the January Board meeting.

Business Planning Update

5. The Committee were provided with an update on the budget for 2023-24 and discussed a number of areas, such as: marine licencing; timber income; full economic costings and the Woodland Estate infrastructure.
6. A further update on the Timber Income issues and the Funding Silos would be brought back to the Finance Committee for a further update and discussion.

Corporate Planning Update Presentation

7. Committee members were updated on the current position of the new Corporate Plan. They discussed the level of ambition that had been outlined in the Plan and that the Annual Business Plan would determine the work that would be carried out each year. The Committee also discussed the outcomes for each Wellbeing Objective and the Leadership Team Group had been asked to consider what the metrics and milestones could be to frame the outcomes for 2030.

Business Transformation Update

8. An update was provided on the Business Transformation work and the portfolios that had been progressing through the Programme Management Office (PMO). An update was also provided on the Invest to Save submission to Welsh Government (WG).
9. The Committee discussed the prioritisation of resources and funding involved in the Business Transformation work and agreed that this work was a priority. An efficiencies register was being developed that would be taken to the Executive Team (ET) for review, which would help to identify transformative exemplars.

Programme Management Office (PMO) and Contract Management Support Service (CMSS) Update

10. The Committee were presented with an update on the PMO, its assurance dashboard, and the current project status. Also presented were other PMO deliverables, such as framework support and project support. There would be project and programme management training now that a technical development framework had been implemented.
11. Committee members were updated on the Contract Management Support Service (CMSS) and the posts that had been recruited to. The transition plan to move into business as usual was presented and the team had been engaging through various communication mechanisms on a regular basis. Also presented was the feedback and statistics from the awareness session; the current focus; and the next steps.

Procurement and Contracts (Funding Framework) Update Presentation

12. An update was provided on the structure of the Funding Framework and the various mechanisms that were involved. Also presented was the approach used, financial implications, key risks and recommendations. The Committee discussed the recommendations in place, including the Head of Procurement and Contracts role that would be recruited to.

AOB

13. The Committee noted the Supply Chain Impact Due to Current Economic Conditions paper. Also noted were the following Audit Reports that had been provided for information: Accounts Payable Internal Audit; Memorandum of Agreement Internal Audit; and WGWE Sub Compartment Database Internal Audit Report.

NRW Board Paper

Date of meeting:	27 th January 2023
Title of Paper:	Wales Land Management Forum (WLMF) Update
Paper Reference:	23-01-B10
Paper sponsored by:	Zoe Henderson, WLMF Chair
Paper prepared by:	Bronwen Martin, Specialist Advisor: Wales Land Management
Paper presented by:	Zoe Henderson, WLMF Chair
Purpose of the paper	Information

Wales Land Management Forum (WLMF)

1. The Wales Land Management Forum (WLMF) meetings take place four times per year, and they provide an opportunity for Natural Resources Wales (NRW) and other WLMF membership organisations to share information, identify common interests and work together in a collaborative way on strategic land management issues.

[Natural Resources Wales - Wales Land Management Forum \(WLMF\)](#)

Update

5th December 2022 Meeting

2. The most recent WLMF meeting was held on 5th December 2022.
3. Dr Richard Kipling (Sustainable Food Trust) gave a presentation about the Global Farm Metric and the revised framework. The Global Farm Metric is a common framework to define on-farm sustainability and measure whole-farm impacts.
4. Marianne Fisher (Monmouthshire County Council) provided a presentation about the Living Land Management Wales Project. Living Land Management Wales is a Monmouthshire-based project that is using satellite mapping, socio-economic and environmental data, and computer modelling to address the fundamental question 'How should we use our land now and into the future?'

5. Nick Thomas, Joel Rees-Jones and Jennifer Day (NRW) discussed working with land owners to bring Sites of Special Scientific Interest (SSSI) into better condition. Joel and Jennifer presented some case studies which successfully demonstrated collaborative working with farmers and land managers.
6. The members were reminded of the opportunity to provide feedback on the development of the new NRW Corporate Plan.
7. All WLMF members had the opportunity to ask about NRW Updates and also share updates from their own organisations.
8. The next WLMF meeting will be held in March 2023 – date to be confirmed in due course.
9. Once the meeting minutes have been reviewed and formally agreed by members, they are published on the WLMF page on the NRW website.

WLMF Sub Group on Agricultural Pollution

10. The primary purpose of the WLMF Sub Group is to identify opportunities to eliminate agricultural pollution in Wales whilst maintaining a thriving farming sector following five key themes (advice & guidance, voluntary approach, regulation, innovation, and investment), and working in collaboration with a range of agricultural and environmental stakeholders.

[Natural Resources Wales - Wales Land Management Forum \(WLMF\) Sub Group on Agricultural Pollution](#)

Updates

21st November 2022 Meeting

11. This meeting included a presentation about the 4 Rivers for LIFE Project. Chris Thomas (NRW) introduced the project and gave an overview of the aims and objectives.
12. Welsh Government continued their Ammonia presentation series by discussing the environmental impacts of ammonia in Wales along with a discussion on new technologies including slurry treatments.
13. Sue Ginley (NRW) provided a brief update on developing the new NRW Corporate Plan.
14. Dr Sue Byrne and Dr Morag Taite (NRW) gave an introductory presentation about Citizen Science with particular reference to NRW's approach to Citizen Science.

12th December 2022 Meeting

15. Geraint Hughes, (Lafan Consulting) gave a follow up presentation sharing some conclusions from the European Innovation Partnership (EIP) project on scoping Internet of Things (IoT) technology to make better decisions on slurry applications, which is now

in its final phase. Geraint introduced 'Internet of Things' back in February 2022 and returned to provide some conclusions from this project.

16. Nigel Elgar (Dŵr Cymru Welsh Water) gave an overview and update regarding the Brecon Beacons Mega Catchment work they are doing with the Beacons Water Group. Two Beacons Water Group farmers also joined the meeting to support the discussion.
17. The next WLMF Sub Group meeting is scheduled for Monday 23rd January 2023.
18. Once the meeting minutes have been reviewed and formally agreed by members, they are published on the WLMF Sub Group page on the NRW website.

NRW Board Paper

Date of meeting:	27 th January 2023
Title of Paper:	Wales Fisheries Forum (WFF)
Paper Reference:	23-01-B11
Paper sponsored by:	Prof Steve Ormerod, WFF Chair
Paper prepared by:	Ben Wilson, Principal Advisor Fisheries; Evidence, Policy and Permitting, Natural Resources Management Team
Paper presented by:	Prof Steve Ormerod, WFF Chair
Purpose of the paper	Information

Background

1. The Wales Fisheries Forum (WFF) meets three times a year and provides an opportunity for fisheries stakeholders and Non-Governmental Organisations to share evidence and opportunities for working together to achieve the sustainable management of Fisheries in Wales.
2. The remit of the group is:
 - a. To represent the range of stakeholders with an interest in the freshwater and migratory fishes of Wales for both their conservation and fisheries resource value. Attendees work in partnership with Natural Resources Wales (NRW) and others to maintain, improve and develop migratory and freshwater fisheries in Wales.
 - b. To provide strategic advice to NRW, that reflects the views of fisheries interests.
 - c. To inform NRW advice to Welsh Government (WG), including development of fisheries-related policy and strategy.
 - d. To review the performance of NRW's fisheries and associated work to ensure that anglers and fisheries interests have clarity that rod licence income and other funding is used to best effect to support delivery of NRW's statutory fisheries duty.

- e. To consider the ecological, biological and economic impact of emerging and new issues affecting our fisheries.
- f. To help disseminate information from NRW and elsewhere to angling and fisheries interests.
- g. To provide clear feedback from angling and fisheries interests to NRW and to facilitate information provision to those interests.
- h. To identify opportunities for partnership working and new funding.
- i. To support horizon scanning for anticipated new developments, opportunities, and risks, and to raise awareness of wider issues relating to freshwater and migratory fisheries management, for example marine fisheries.

Update

- 3. The most recent meeting was held virtually on 27th September.
- 4. An overview and update on the progress of NRW's Corporate Plan was provided and members were informed of an upcoming opportunity to provide feedback and comments through the public consultation.
- 5. An update on water quality was provided, including the breadth of measures being progressed to better understand and improve water quality in Welsh rivers, particularly focusing on Special Area of Conservation (SAC) rivers, the Dairy Farm Project, and Agricultural Pollution regulations.
- 6. An overview of the WG Wood Creation Grant schemes was provided and in particular the opportunities for riparian woodland creation to benefit river habitat and ecosystems. There was also a briefing on the grant's approval process and how potential environmental impacts were identified and addressed. One outcome was for NRW and WG to work with Afonydd Cymru to explore mechanisms for supporting more riparian woodland planting.
- 7. Prolonged Dry Weather – A summary was provided of the likely and observed impacts of the recent very warm and dry weather. There was a discussion on the ways in which voluntary restriction on fishing could help minimise impacts on fish stocks. There was an action for NRW to further develop robust protocols /advice and communications for warm weather scenarios, to aid consistency in voluntary approach in the future.
- 8. The group received updates from:
 - a. The Wales Land Management Forum Sub-Group on agricultural pollution.
 - b. The Water Forum.
- 9. A general update on fisheries' issues was provided, including the changes to rod licence duties and sales. This led to a discussion on the need to provide clearer evidence on what anglers received for their rod licence fees.

10. There was an update on the outcome and recommendations of the Fish-Eating Birds Advisory Group (chaired by Steve Ormerod) and the proposals taken to the NRW Board as part of an implementation plan.
11. A further update was provided on the proposal to revise the salmon stock assessment methodology, with a commitment to bring a more detailed update in 2023.
12. The AOBs raised at the session included:
 - a. Game and Wildlife Conservation Trust (GWCT) report on the National Game fair held at The Vaynol Estate.
 - b. GWCT also confirmed that the Missing Salmon Alliance Salmon School artwork would be displayed at the Senedd.
 - c. Sewin and Salmon Summit – an update was provided outlining that the Wales Environment Link were supporting the Senedd species champions for Salmon (Huw Irranca-Davies MS) and Sewin (Cefin Campbell MS) in hosting a workshop to consider actions to address the decline in salmon and sea trout stocks. An update on this will be provided at the next WFF meeting.
13. The next WFF meeting is scheduled for 31 January. The forward look for this meeting includes:
 - a. Access to water for fishing and other recreational purposes – progress on proposals made by the Access to Water Sub-Group of the Wales Access Forum.
 - b. Dŵr Cymru Welsh Water update on the National Environment Programme (springtime).
 - c. Report on the genetic risks faced by small salmon populations.
 - d. Report from Sewin and Salmon species champions' event
14. Meeting notes are made available on request and are circulated to members of the local fisheries groups.

NRW Board Paper

Date of meeting:	27 th January 2023
Title of Paper:	Wales Water Management Forum Update (WWMF)
Paper Reference:	23-01-B12
Paper sponsored by:	Prof Steve Ormerod, WWMF Chair
Paper prepared by:	Ceri Jones, Lead Specialist Advisor: Catchment Management
Paper presented by:	Prof Steve Ormerod, WWMF Chair
Purpose of the paper	Information

Background

1. The Wales Water Management Forum (WWMF) meets three times a year and provides an opportunity for the forum's membership organisations to share evidence and opportunities for working together to achieve the sustainable management of water in Wales - from source to sea. As well as ongoing discussion of regulatory issues and performance – for example with respect to the Water Environment (Water Framework Directive (WFD) (England and Wales) Regulations 2017 – broader aspects of water quality, water governance and water resources in Wales and western England have been key themes.
2. WWMF also explores opportunities to develop, support and communicate shared messages and recommendations on the sustainable management of natural resources more generally alongside the Wales Land Management Forum, Wales Fisheries Forum and the Wales Marine Advisory and Action Group (WMAAG).

Update

3. The most recent meeting was held virtually on the 19th of October 2022, including an open discussion on matters relevant to the forum, member updates and a discussion on the 'Update' paper prepared by NRW in advance of each meeting. Focal points included revisions to the European Union Urban Waste Water Treatment Directive, chemicals/pharmaceuticals research, farming rules for water in England, Consumer Council for Water (CCW) 'Water Mark 2022', reedbed waste in England at coal mine remediation schemes, Water Resources West, drought update in Wales and NRW's Water Capital Programme.

4. Sue Ginley, Lead Specialist Advisor, Corporate Planning and Performance Governance (NRW) joined the meeting to provide an overview and update on the progress with NRW's Corporate Plan to which members were informed of an upcoming opportunity to provide feedback and comments.
5. Mark Charlesworth, Team Leader, Integrated Water Planning (NRW) gave a presentation on the most recent (2021) classification of water bodies under the Water Environment (WFD) Regulations 2017. All classification data are available to download on Water Watch Wales and there will be a new Power Business Intelligence application which will allow easy access to classification data and downloadable GIS maps.
6. A presentation on the Drainage and Waste Water Management Plans (DWWMPs) was given by Alison Edwards of Dŵr Cymru Welsh Water (DCWW) which focused on the development of their approach. Public consultation on these closed on the 7th of October 2022 and DCWW intend to produce a statement of response. Hafren Dyfrdwy contributed to the discussion and advised that they are considering a catchment-based approach for DWWMP, in particular looking at Newtown and Welshpool.
7. AOB at the session included a brief update on the Biodiversity Deep Dive recommendations with an action to share the paper with WWMF. Sue Hearn, Team Leader, Freshwater Ecosystems and Fisheries Management joined to share information on the recently updated and published Special Areas of Conservation (SAC) Core Management Plans. NRW has revised the water quality targets for all water bodies within the nine SAC rivers: Cleddau, Eden, Gwyrfai, Teifi, Tywi, Glaslyn, Dee, Usk and Wye. The SAC Core Management Plans outline the site vision, features and what is required to bring the features into favourable condition.
8. Finally, the forum discussed arranging a site visit between WWMF sessions. As sessions are being held virtually, which seems to be the preference for the forum, it was felt that it would be beneficial to supplement the more formal sessions with a face-to-face site visit. NRW are exploring suitable locations which will be arranged for Springtime.
9. The next WWMF meeting is scheduled for Thursday 16 March 2023. The forward look for this meeting includes:
 - a) Pharmaceuticals
 - b) Groundwater trends
 - c) Evidence including data – integrating various approaches including citizen science
 - d) Inland Bathing Waters
 - e) Drought Lessons Learned
10. Meeting notes are made available on the NRW website page for WWMF.

NRW Board Paper

Date of meeting:	27 th January 2023
Title of Paper:	National Access Forum for Wales (NAFW) Update
Paper Reference:	23-01-B13
Paper sponsored by:	Geraint Davies, NAFW Chair
Paper prepared by:	Carys Drew, NAFW Secretariat (Specialist Advisor: PROW and Networks)
Paper presented by:	Geraint Davies, NAFW Chair
Purpose of the paper	Information

Background

1. The National Access Forum for Wales (NAFW) is a non-statutory forum which brings together stakeholders from public, private and third sector organisations with an interest and expertise in outdoor access and recreation in Wales.
2. The NAFW's key purposes are:
 - To help improve the quality and extent of access to the countryside and coast of Wales, and extend the opportunities for enjoyment and responsible outdoor recreation to all, with regard to environmental sustainability and education;
 - To work together as a stakeholder network, fostering understanding, and sharing information and good practice; to support the realisation of benefits of outdoor recreation and access in Wales;
 - To support NRW in its aim of more people participating in, and benefitting from, outdoor recreation more often.
3. NRW provides the Chair (Geraint Davies) and Secretariat (Carys Drew), the Deputy Chair is nominated from the membership (Ruth Rourke, Institute of Public Rights of Way and Access Management). Dr Rosie Plummer, NRW Board, also supports and attends meetings.
4. The NAFW meets three times a year. Forum meetings are open to observers and are held in public but are not public meetings. Where necessary, the Chair may establish working groups to consider particular issues and report to subsequent meetings,

working group meetings will not be held in public. There are no active working groups at present.

5. The Secretariat collates written contributions ahead of each meeting, this provides an opportunity for members, NRW and Welsh Government (WG) to share detailed information. The written contributions for each meeting, together with agendas and summary meeting notes are published on the NRW website: [Natural Resources Wales / National Access Forum for Wales](#)

Update

6. The most recent NAFW meeting was held online on 22nd November 2022. All items incorporate time for questions and discussion.
7. Members were informed that following the change of Ministerial portfolios, Welsh Government officials have provided the new Minister with a comprehensive briefing on access issues, including access to water, and the previous commitment from the Deputy Minister to meet with the NAFW Chair to discuss these issues and a response is expected shortly.
8. Kate Jury, Ramblers GB, shared highlights from research commissioned into the public rights of way and access land with a focus on equity of access. This is part of Ramblers work to build and share an evidence base and to inform their internal strategy and work with others. The research will be released in Spring 2023.
9. Eifion Jones, Special Advisor Woodland Creation and Rhodri Hewitt, Officer 2, National Forest (NRW) provided an overview of the new Woodland Creation Schemes in Wales, including the Small Grants Woodland Creation scheme, Woodland Creation Planning Scheme, and the National Forest. They shared details of how recreation and access considerations had been incorporated into the schemes.
10. Sue Ginley, Lead Specialist Advisor, Corporate Planning & Performance Governance (NRW) provided an overview and update of NRW's Corporate Plan and members were informed of the opportunity to provide feedback and comments as part of the Plan's development.
11. Carys Drew, Specialist Advisor: PROW & Networks (NRW) shared a summary of the feedback received from a survey to members about meeting arrangements and set out the proposed actions that would be taken as a result. Future meetings will be held online or with hybrid set-up (subject to facilities being available).
12. Written contributions were circulated in advance of the meeting and members had an opportunity to ask questions about these and to share further updates.
13. The record of the meeting is a summary note rather than a verbatim minute, this is circulated in draft, confirmed by email, and then published on the webpage.
14. The next meeting will be held online on the 14th of March 2023.

NRW Board Paper

Date of meeting:	27th January 2023
Title of Paper:	Finance Performance Report
Paper Reference:	23-01-B14
Paper sponsored by:	Rachael Cunningham, Executive Director of Finance and Corporate Services
Paper prepared by:	Rob Bell, Head of Finance; Mark Collins, Business Finance Manager
Paper presented by:	Rob Bell, Head of Finance; Mark Collins, Business Finance Manager
Purpose of the paper	Approval (change in forecast) / Discussion (Financial Performance)
Summary	<p>To approve:</p> <p>A revision to the forecast, from £238.2m to £238.7m.</p> <p>To consider</p> <p>Financial performance to the end of November 2022.</p> <p>Steps taken to balance the budget.</p>

Background

1. There is a separate paper for approvals.

Financial Performance to 30 November 2022

2. The Finance Report provides detail on progress across the different types of income, expenditure, and programmes. Annex A summarises the key messages in respect of:
 - Performance to end of November 2022, compared to the latest forecast.
 - Risks to us being able to spend within our funding levels.
 - Commentary by exception on how we are progressing against forecast for the different types of expenditure.
 - Forecast changes.

There is one part of the report that is still being developed - an analysis of non-staff costs.

3. In previous meetings we have explained the changes to our forecasted funding/income this financial year – mainly in relation to the Flood Capital Programme, timber, and other types of commercial income. This resulted in the forecast reducing to £238.2m. This month, it has increased to £238.7m – most of which is related to the use of Hazardous Waste charges surplus balances.
4. Income at the end of November was £130.2m which is above the forecast to date (£0.6m). Expenditure was £131.9m against a forecast of £130m – 1% variance and 55% of the budget spent. Although expenditure is on profile, there was considerable risk that we will be overspent without intervention. Therefore, we have undertaken a forecast of our non-staff and project budgets during November and December, actively looking for reductions in expenditure budgets (the results of which are summarised below). The same time last year, we had expenditure of £116m (53% of annual budget).
5. Key messages regarding our income performance as at the end of November are:
 - Timber income is £23.6m and just below the latest forecast to date of £23.9m, based on a forecast for the year of £36.4m. Our latest forecast though is predicting an outturn of between £34m and £35m, with the most likely outcome being nearer to £34m. Together with the reduction in the volume of timber being despatched from the Estate, we have seen a reduction in the average price. Average price has reduced from £63.8 per tonne in September to £58.2 per tonne in November – due to a change in the product mix being dispatched. Sales of higher value timber have slowed, with cheaper Chipwood in high demand. This will start to balance out as the remaining timber is uplifted.
 - We have included an income forecast for the Forest Holidays LLP sale receipt – funds were received in November. We have reduced the additional Grant in Aid budget as this did reflect the position at the time with Welsh Government – that the Grant in Aid promised in the letter of comfort would be reduced accordingly. We are now more optimistic that our Grant in Aid will not be reduced – Welsh Government officials are in support of us retaining it, but it is subject to ministerial approval.
6. Key messages regarding our expenditure performance are:
 - Staff – spend to the end of November was £67.7m against a budget of £67.5m. Salaries' costs have been re-forecasted and budgets adjusted accordingly. A provision has been set aside for the pay award which was distributed to Directorates in December – this was funded from the salaries mid-year re-forecast. We are still operating on a vacancy management assumption of 6%, with current performance of approximately 10% but we have taken account of that within our forecast for the remainder of the financial year.
 - Non-Staff budgets – overall the budget is fairly similar to last year's with a lot of fixed costs included. It also includes more variable elements such as Forest Operations. We are slightly ahead of budget at the end of November (2%), and we are over £3m ahead of where we were this time last year.

- Overall, we have £64m budgeted for capital and revenue projects, and this is £9m (16%) more than we spent last financial year (£55.6m).
 - Flood Capital Programme – based on funding revised at the beginning of the financial year (£17m), the level of over-programming has remained at £3.7m. The programme is progressing, and the team feel this is the minimum we can spend. We have discussed increasing the funding with Welsh Government, but they will need to be assured that there is funding available before agreeing with significant (unspent) funds committed to Local Authority projects. They will also have to consider an over-commitment across their departmental budget. If we do not secure the additional funding, projects will have to be slowed. Spend is £8.6m against £8m forecast to date, against the core programme budget of £14.1m.
 - Nature and Capital Emergencies Capital Programme – third year of this programme. Spend is slightly ahead of budget at this stage of the year (£5m against £4.6m budget). We anticipate using the full year budget. Overall budget is £15.2m, inclusive of corporate service costs.
 - Externally funded projects – we now have several projects in progress at the same time, resulting in an overall budget of £8.1m. Expenditure to date is £3.4m and slightly behind plan (£3.6m).
 - ICT Development & Innovation (D&I) budget is currently £6.9m, with spend to date of £4.1m, which is behind budget by £0.1m - the programme is very over-subscribed this year and is being slowed down / paused in places to ensure that we operate within our budget.
7. Contained within the expenditure budgets are:
- Undistributed project budgets of £0.4m (revenue). Linked to ring-fenced Welsh Government Grant funding for Air Quality Incident Response. Awaiting Programme Management Office (PMO) assurance.
 - We have a pay provision for the 4% pay award (£4m), which is being allocated during December.
 - The central level of over-programming is approximately £3.2m.

Risks and opportunities

8. We hold a risk in the Finance and Corporate Services Risk Register for 'in year spend'. This also links to SR01 (Insufficient Funding – Medium Term). With a larger budget this year, there is a slightly increased risk to utilising the budget – but the increase is mostly funded from Welsh Government 'ring-fenced' programme budgets and, if we forecast early enough, Welsh Government will then be able to take appropriate action.
9. We currently estimate that we have a net pressure in our budget of approximately £5.2m – caused by the pay award (additional £2m required), reduction in timber income (£5m to £6m) and over-programming (now, £3.2m). This has been mitigated by some savings achieved to date (mainly pay related but there have been others) and an increase in other commercial income (mainly energy related).

10. Therefore, our **recommended** plan to balance the budget is:
- We have placed a halt on any re-prioritisation of budgets.
 - We have asked Leadership Team to find savings. This will include areas where we anticipate some natural slippage. This has achieved a saving of £2.3m. A summary by Directorate can be found in Annex A.
 - We are still in discussion with Welsh Government on the retention of the £1.8m Forest Holidays LLP sale receipt. Welsh Government officers will recommend that the Minister allows NRW to retain on top of the additional temporary Grant in Aid promised in the “Letter of Comfort”. This will be against a context of potential overspends in other departments within the Welsh Government Main Expenditure Group (MEG).
 - Land Stewardship have been asked to identify savings, but we will not need as much as originally thought, subject to Welsh Government providing £1.8m – we are finalising the outcome of that exercise, but this will not be easy as they are far more advanced with their delivery this financial year and their budget is over-programmed by £0.6m.
 - Continue to monitor all budgets but specifically timber income – the outlook is changing every month. Also, how our pay budget will perform to the end of the financial year – small variances are still worth £000s and are therefore important in anticipating our year-end position.
 - Use the inflation contingency budget (£0.5m).
11. This will leave us with a residual pressure of around £0.5m. But we will have to spend at a ‘slower’ rate than we did last year to meet that budget.
12. Almost all our Non-Flood Capital is spent on our ICT programme. It is supplemented with Flood Capital, charges and commercial income depending on who benefits from the capital investment. We are always oversubscribed, and this year is no different. We find ourselves in the position of slowing down our programme this financial year whilst also looking to use more Flood and Water Resources capital funding, which was agreed by the Development and Innovation Board. We have enquired with Welsh Government whether there is additional funding available.

Wider implications

13. The wider implications are:
- (a) **Finance:** This report is about the financial performance of NRW. We hold a risk within the Finance and Corporate Services Directorate Risk Register.
 - (b) **Wellbeing of Future Generations Act (WBFGA):** Every component of the budget contributes to one or many of our Wellbeing Objectives.

Next Steps

14. We encourage budget and project managers to notify Finance of any further changes to forecast which can be returned centrally.

15. Response from Welsh Government on the retention of the £1.8m Forest Holidays LLP receipt.
16. We will continue to undertake our normal Finance processes and review risks within the budget every month and instigate targeted re-forecasting where we are aware that changes are required. We will also undertake more significant re-forecasting exercises on a periodic basis for items such as staff budgets. Programmes such as D&I, Flood and Non-Flood Capital are re-forecasted every month.
17. This report will be presented to Executive Team, Leadership Team as well as the Board.
18. This report is produced every two months for the Board. The financial performance annex is produced every month for Executive Team.

Recommendation

19. Board to scrutinise financial performance to end of November 2022.
20. Board to approve change to bottom line forecast increased to £238.7m.
21. Board to consider the steps taken to balance the budget.

Index of Annexes

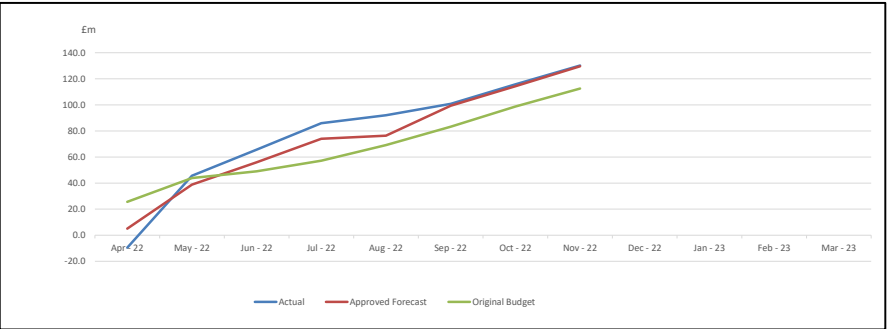
Annex A – Financial Performance Report

NRW Board & Executive Team Budget Performance Report as at November 2022

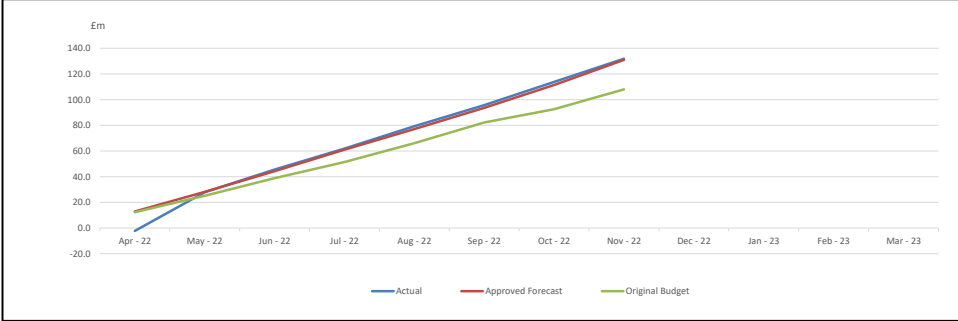
**SECTION 1:
NRW Financial Performance Summary**

Section 1. Summary	Actual YTD £m	Approved Forecast YTD £m	Variance YTD £m	Var YTD %	Approved Forecast FY £m	Remaining Budget %	Original Budget FY £m	Commentary
Income	130.2	129.6	0.6	0%	238.7	45%	241.9	Income to date is in line with forecast. During November anticipated income for the year has risen by £0.5m to £238.7m. The key changes relate to an increase in commercial income of £1.8m for the sale of our stake in Forest Holiday LLP, which is offset by an equal reduction in Grant in Aid. We are in discussion with WG about receiving the full GiA allocation and not have to offset the Forest Holiday sale. WG officials have endorsed this request, which is now subject to ministerial approval. WG grants income reduced by £0.1m overall (additional £0.3m linked to Flytipping Action Wales offset by a reduction of £0.4m within the NaCE programme). We also plan to use an additional £0.4m from Hazardous Waste charge reserves. The Timber income budget still stands at £36.4m, but the latest prediction is that the outturn will be between £34m and £35m.
Expenditure	131.9	131.0	-0.9	-1%	238.7	45%	241.9	Expenditure to date is ahead of profile. There are now significant risks to our overall outturn which we have mitigated by undertaking a forecasting exercise on non-staff and project costs with Leadership Team. The results of which are outlined in the key messages section. Expenditure was £116.7m at the same time last year, so we are over £15.2m ahead. We have spent 55% of the budget compared to 53% at the same time last year. We are ahead on all aspects - staff, non staff and projects.

Income



Expenditure



**SECTION 1.2:
Key messages on budget position**

Outlook for the year:
There are two pressures impacting this financial year - (1) Timber income reducing, initially from £40m to £36.4m and now the outlook is between £34m and £35m and (2) pay award of 4%. In addition, we had planned (at the beginning of the year) on £4m over-programming for this financial year. As a result of this and other changes in forecast during the year, our net pressure at the end of November is circa £5.2m.

- Update:**
- (1) We are hopeful of retaining **£1.8m** from the sale of our stake in Forest Holiday LLP to help with this pressure and WG officials have supported a request to the minister that this will **not** be netted off the additional £7.1m Grant in Aid being allocated.
 - (2) A review from Leadership Team of their budgets has resulted in a reduction of **£2.3m**. A summary can be found in the table below.
 - (3) Use the inflation contingency (**£0.5m**).
 - (4) Complete the forecast of land stewardship budgets - currently over-programmed by £0.6m and we are assessing the feasibility of reducing the budget further.

Summary:
The net result is that we should be able to mitigate the pressure of £5.2m by at least £4.6m. We will continue to monitor as there are many variables still impacting on this years budget (timber income, pay, land stewardship and project budgets).

SECTION 1.2.1:

Summary of savings from Leadership Team Forecast exercise

Directorate	Savings Identified /£000	Impact
Communications, Customer and Commercial Corporate Strategy & Development	129	Reduced costs, limited impact on business delivery. Any potential savings will need to service the training and external advertising pressures already within the Directorate.
Evidence Policy & Permitting	931	Predominantly linked to NRM (£764k), with grants making up the majority of the savings, limited impact. Regulation & Permitting (£155k) and reduced project costs.
Finance & Corporate Services	609	Savings found within laptop purchases, although this is a delayed cost to next year and other ICT costs, some of which has been re-directed to health and safety issues on our buildings and additional external audit fees, with the residual value being available to balance centrally. Should further savings be found, ICT would like to proceed with the purchase of the remaining laptops this year.
Operations	371	Management Agreements (£270k), limited impact with capital costs absorbed within the NaCE BERF programme. Marine Dee Conservancy (£50k), no impact this financial year.
Water Resources capital programme	229	Un-spent Water Resources capital budgets which can't be re-committed.
Total	2,269	

SECTION 2:

NRW Financial Performance - by Account Type

Section 2.1:	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
INCOME by Account Type	YTD	YTD	YTD	YTD	FY	FY	FY	
	£m	£m	£m	%	£m	%	£m	
Charges	29.5	29.4	0.1	0%	39.4	25%	39.0	Almost all charge schemes are in line with the forecast year to date position with limited risk to the year end position.
Commercial	38.3	38.2	0.1	0%	62.3	39%	59.1	Timber income is £0.3m behind forecast and there is a risk that the full year position could be upto £2.4m less than forecast and we are planning on reducing the forecast to £34.3m in December (£2.1m less).
European & external	2.5	2.1	0.4	20%	8.6	71%	9.6	Some WG Grants received ahead of plan. Profile to be amended next month.
Grant in aid	59.8	59.9	0.0	0%	126.6	53%	133.9	
Brought forward	0.0	0.0	0.0	0%	1.8	100%	0.3	
TOTAL: NRW	130.2	129.5	0.6	0%	238.7	45%	241.9	

Section 2.2:	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
EXPENDITURE by Account Type	YTD £m	YTD £m	YTD £m	YTD %	FY £m	FY %	FY £m	
Staff	67.7	67.5	-0.2	0%	104.4	35%	104.6	The vacancy rate is continuing to run at 10%, finance performance on pay expenditure (£1.2m under) which is offset by reduced level of recharges to projects (£1m). The review to ensure all the WG Grants funded projects are being recharged in line with plan continues and will be completed by the end of December. Operations are currently undertaking a second staff trajectory forecast review where further savings are likely to be identified. We will continue to review the overall salary position to identify what savings or extra pressures there might be. The pay award budget is being distributed in December, so will review again in early January.
Non Staff	35.1	34.3	-0.8	-2%	70.0	50%	64.2	Non staff costs are ahead of profile, predominantly linked to Operations (£0.6m), EPP (£0.1m) & CSD (£0.1m). The Operations element relates to an over spend within Land Stewardship activities & Projects Delivery (£0.4m & £0.2m respectively), offset by an underspend on management agreements (£0.2m). Given the forecasted reduction in timber income the Land Stewardship programme is current being reviewed. The EPP element predominantly relates to software license costs within Flood Risk and will be absorbed within the overall Flood Risk revenue budget. In CSD the overspend is linked to an increase in advertising costs. Whilst the overall position is £0.1m ahead of profile, the advertising pressure is considerable with costs in excess of £0.3m of the full year budget. Whilst a proportion of costs maybe rechargeable to the respective programmes, given the current deficit position across NRW, the Directorate is assessing if and how it can find the residual balance.
Revenue Projects	8.7	8.6	-0.1	-1%	20.3	57%	21.9	Whilst the overall position is in line with the budget, there are a number of variances within the various programmes; external funding (underspent by £0.2m) linked to Wind Energy developer payments within Operations, Land Stewardship funded projects within Projects Delivery (£0.2m under), offset by costs within ICT D&I awaiting transfer to capital (£0.5m). Should the Wind Energy Developer projects remain under spent the funding will be transferred to NRW reserves for utilisation in future financial years. Following an accounting review of the revenue projects within ICT, these costs will be reclassified as capital. The Land Stewardship funded projects within Projects Delivery are being assessed as part of the Land Stewardship review.
Capital Projects	20.4	20.5	0.2	1%	44.1	54%	51.3	Whilst the overall position is in line with the budget, there are a number of variances within the programmes. Flood Risk & NaCE are both ahead of profile by £0.6m & £0.4m respectively, which is offset by underspends within ICT D&I (£0.7m) and Land Stewardship funded projects within Projects Delivery (£0.4m). The Flood capital programme is progressing well and the team feel that this is the minimum we can spend. We have discussed the possibility of requesting further funding from WG in January, although WG have indicated that they are also experiencing pressures from within their department. If we don't get additional funding then we will slow down some schemes. The NaCE over-programming balance is reducing each month and we are confident that the outturn will be in line with funding. The ICT overprogramming is £1.5m but a plan has been put in place to use more Water Resources and Flood Capital funding and slow down / pause other projects. This will enable us to almost eradicate the over-programming. The Land Stewardship funded projects within Projects Delivery are being assessed as part of the Land Stewardship review.
TOTAL: NRW	131.9	131.0	-0.9	-1%	238.7	45%	241.9	

Expenditure Performance further analysed:

Section 2.2.1 :	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
EXPENDITURE - Staff by Detail Account	YTD £m	YTD £m	YTD £m	YTD %	FY £m	FY %	FY £m	
Trajectory	72.0	73.2	1.2	2%	113.6	37%	112.0	No real change in staff numbers or budgeted posts means the vacancy rate remains at 10% for November. Total cost of over-programmed posts has decreased significantly in November mostly due to the receipt of the WG National Forest grant. The number of permanent staff in temporary posts continues to rise, an additional 13 in November now sees the total at 215. Underspend mostly in Operations, a second forecast exercise is currently taking place where additional savings are likely to be identified.
Workforce Recharges	-8.3	-9.2	-1.0	10%	-15.1	45%	-13.1	Vacant project posts across NRW, mostly within EPP and Operations. Work to identify and rectify the error in the payroll recharges where the NI & Pension element has not been recharged in many circumstances continues. We are hopeful that we will be able to make the necessary adjustments in December.
Other Staff	4.0	3.5	-0.5	-14%	5.9	33%	5.8	Mostly due to overspend on training costs, temporary contractors and profiling of professional fees budget across NRW. The level of remaining budget suggests that at the current spend rate there is likely to be a neutral position at the end of the year. However there are problem headings in some Directorates that need attention, such as people support costs. The current budgets will be reviewed to assess whether current levels/profiling are adequate for 2023-24 budget setting. Travel & subsistence budgets across NRW may release savings to address additional budget pressures.
TOTAL: NRW Staff	67.7	67.5	-0.2	0%	104.4	35%	104.6	

Section 2.2.3 :	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
EXPENDITURE - Revenue Projects by Programme	YTD £m	YTD £m	YTD £m	YTD %	FY £m	FY %	FY £m	
Revenue Project Programme - Accommodation Strategy	0.0	0.0	0.0	0%	0.0	0%	0.0	
Revenue Project Programme - Core Activities	0.4	0.4	0.0	8%	0.7	49%	0.9	
Revenue Project Programme - Options Fees	1.2	1.2	0.0	1%	2.3	49%	2.4	
Revenue Project Programme - External Funded	2.9	3.1	0.2	6%	6.5	55%	6.0	The current underspend is predominantly linked to projects funded from Wind Energy developer payments. Should these projects remain underspent the funding will be transferred to NRW reserves for utilisation in future financial years.
Revenue Project Programme - Flood Risk	0.1	0.0	-0.1	0%	0.1	27%	0.1	A profiling issue with costs affordable within full year budget.
Revenue Project Programme - Grants & Partnership	0.1	0.1	0.0	-27%	2.2	95%	2.7	£0.4m was returned last month with an additional £0.4m likely next month following the review of the Resilient Communities Grant programme.
Revenue Project Programme - Nature & Climate Emergencies (NaCE)	0.2	0.3	0.1	29%	1.0	79%	0.5	Whilst the year to date spend is slightly behind the forecast spend, we expect to utilise the full budget by year end.
Revenue Project Programme - WG Grants	0.8	0.8	0.0	-1%	2.0	59%	1.7	Limited risk. Where projects are predicting an underspend, this will be managed by a reduction in the claims submitted to WG.
Revenue Project Programme - Land Stewardship	0.4	0.6	0.2	35%	1.1	63%	1.3	All projects within the programme are currently underspent. All being re-assessed as part of Land Stewardship review.
Revenue Project Programme - ICT D&I	0.6	0.0	-0.6	100%	0.2	-179%	0.0	Following an accounting review of the revenue projects within ICT, these costs will be transferred to capital.
Revenue Project Programme - Unfunded Pressure Bid (Internal funded)	1.0	1.2	0.2	13%	1.7	37%	0.9	Current underspend linked to profiling with limited risk to the year end position, although these projects have been reviewed as part of the re-forecast exercise we asked Leadership Team to undertake.
Revenue Project Programme - Other	0.8	0.7	0.0	-5%	1.6	52%	0.9	
Revenue Project Programme - Water Resource Projects	0.1	0.1	0.0	-5%	0.3	59%	0.4	Small overspend this period, however, the revenue programme is behind profile with 59% of the Budget remaining. Any underspends will be deferred to reserves.
Revenue Project Programme - Unallocated Balances	0.0	0.0	0.0	0%	0.4	100%	4.2	Ring fenced WG Grant funding for Air Quality Incident Response. Awaiting PMO assurance.
TOTAL: NRW	8.7	8.6	-0.1	-1%	20.3	57%	21.9	

Section 2.2.4 :	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
EXPENDITURE - Capital Projects by Programme	YTD £m	YTD £m	YTD £m	YTD %	FY £m	FY %	FY £m	
Capital Project Programme - Options Fees	0.7	0.7	0.0	0%	3.2	78%	3.0	
Capital Project Programme - WG Funded	0.0	0.0	0.0	0%	0.0	0%	0.0	
Capital Project Programme - Land Stewardship	1.1	1.5	0.4	26%	2.8	61%	3.1	Reservoir compliance programme slightly behind planned profile, although a number of outstanding consultancy costs will reduce the current variance. This area underspent last year. Any reductions will help reduce the current pressures caused by the reduction in timber income.
Capital Project Programme - External Funded	0.5	0.5	0.0	0%	1.6	69%	2.2	
Capital Project Programme - Flood Risk	8.6	8.0	-0.6	-8%	14.1	39%	18.7	No major changes to the Flood Risk Programme for November however over-programming remains high and similar to last month at £3.7m. We have discussed the provision of additional funding with Welsh Government which will need to be balanced against pressures elsewhere in the programme, i.e. local authority schemes and Department (including Transport). Not included in these figures are the high costs associated with Presteigne Flood Defence Wall which will be significantly higher than the current budget of £0.2m. This will be reviewed and included for future reporting.
Capital Project Programme - WG Grants	0.2	0.2	0.0	0%	1.0	81%	0.9	
Capital Project Programme - Nature & Climate Emergencies (NaCE)	5.0	4.6	-0.4	-8%	12.6	60%	14.1	Income for the NaCE Programme has decreased by £0.3m, the capital element relating to National Forest Capital. Total Income currently expected for the NaCE Programme stands at £15.2m, inclusive of overheads. Overprogramming is currently still £3.2m. Welsh Government are offering an extra £1m for Peatlands and the Programme are currently refining how much will be required with any of this additional funding alleviating the large over programme on the Peatlands Programme.
Capital project Programme - Other	0.5	0.5	0.0	-2%	0.8	37%	1.1	
Capital Project Programme - ICT D&I	3.5	4.2	0.7	18%	6.7	48%	6.3	The current position shows an under spend of £0.7m. Following an accounting review, £0.6m revenue costs will be transferred to capital. Overprogramming was £1.5m. Given the current over-subscribed position this year, the D&I Programme Board have reviewed the programme, increasing Water Resources and Flood Capital funding and slowing down / pausing other projects to ensure that we operate within our budget. These changes along with the revenue to capital transfer above, will be enacted in the system over the next month.
Capital Project Programme - Water Resources Project	0.4	0.4	0.0	11%	1.4	74%	1.6	The current programme is behind forecast with £0.5m unallocated. A proportion of this will be reallocated to aid the current ICT over programming, with the residual balance being handed back to central balances to help with the current budgetary position. To help mitigate this situation next year, a 20% over programming will be applied.
Capital Project Programme - Unallocated Balances	0.0	0.0	0.0	0%	0.0	0%	0.1	
TOTAL: NRW	20.4	20.5	0.2	1%	44.1	54%	51.3	

SECTION 3:

NRW Financial Performance - by Directorate

Section 3.1:	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
INCOME by Directorate	YTD £m	YTD £m	YTD £m	YTD %	FY £m	FY %	FY £m	
Communications, Customer and Commercial	10.1	10.1	0.0	0%	19.5	48%	19.8	
Corporate Strategy & Development	0.1	0.1	0.0	13%	0.2	15%	0.0	
Evidence Policy & Permitting	3.7	3.5	0.1	4%	16.9	78%	16.4	Current income received is slightly ahead of the planned profile, predominantly linked to the Glastir projects. Limited risk to the year end position.
Finance & Corporate Services	85.4	85.3	0.1	0%	147.9	42%	153.1	In line with anticipated forecast.
Operations	30.9	30.6	0.3	1%	54.2	43%	52.5	Whilst the current position is within an acceptable tolerance, the impact of the timber income reduction is being assessed with the end of year forecast likely to reduce in December. Income is ahead of profile mainly due to externally funded LIFE projects in SW Operations.
TOTAL: NRW	130.2	129.6	0.6	0%	238.7	45%	241.9	

Section 3.2:	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
EXPENDITURE by Directorate	YTD £m	YTD £m	YTD £m	YTD %	FY £m	FY %	FY £m	
Communications, Customer and Commercial	5.3	5.4	0.1	1%	16.4	68%	14.5	Predominantly linked to a minimal under spend on projects (£32k) and non staff costs (£24k) within Communications and Digital Transformation. Staff costs are in line with the year to date budget forecast.
Corporate Strategy & Development	6.9	6.6	-0.2	-4%	10.8	37%	9.1	The current overspend relates to training and external advertising costs for vacant posts across NRW, within People Services Leadership Team (£134k & £340k respectively). This is offset by an under spend within non staff costs under Corporate Strategy & Programme Managers Office (£92k). The advertising pressure is considerable with costs in excess of £350k of the full year budget. Whilst a proportion of costs maybe rechargeable to the respective programmes, given the current deficit position across NRW, the Directorate is assessing if and how it can find the residual balance.
Evidence Policy & Permitting	38.1	34.5	-3.6	-10%	65.0	41%	60.0	The current overspend is predominantly due to capital projects (£3.2m over) linked to the Flood (£2.5m) & NaCE (£0.7m) programmes. With the capital over programming budgets being held in EPP and delivery of the various projects split across NRW, one would expect to see an over spend at this time of year, which should reduce as we move towards year end. There is a possibility of requesting further flood programme funding from WG in January, although WG have indicated that there are also pressures across local authority schemes and elsewhere within their department (i.e. Transport). Revenue projects and non staff costs are in line with the forecasted budgets of £3.5m & £10.5m respectively with staff costs over spent by £0.4m. The staff element is partially a timing issue linked to over programming posts that are pending WG offer letters. A number of these have now been received and will be reflected in MyNRW.
Finance & Corporate Services	17.4	17.7	0.3	2%	33.1	47%	33.3	The current position shows a slight underspend predominantly linked to project costs within the various ICT programmes (revenue projects over spend by £0.6m, offset by an under spend of £0.8m within capital projects). Following an accounting review of the revenue projects, these costs will be reclassified as capital. The ICT overprogramming now sits at £1.5m across the project programmes. Given the current over-subscribed position this year, the D&I Programme Board have reviewed the programme, increasing Water Resources and Flood Capital funding and slowing down / pausing other projects to ensure that we operate within our budget. These changes along with the revenue to capital transfer above, will be enacted in the system over the next month. Non staff costs are in line with the year to date budget, with staff costs underspent by £0.2m linked to vacancies within core posts.
Operations	64.1	66.7	2.6	4%	113.4	43%	125.1	Overall, the Directorate is £2.6m underspent, predominantly linked to capital projects (£2.6m under), mainly relating to the Flood (£1.9m under), Reservoir Compliance (£0.3m) & NaCE (£0.3m) programmes. The Flood and NaCE under spend offsets over programming within EPP. Revenue projects are underspent by £0.4m linked to Land Stewardship funded projects in South Central Ops (£0.2m) & EU Life project in North West Ops (£0.1m). Non staff costs are overspent by £0.6m, linked to Land Stewardship activities across the majority of Operations (£0.4m over), contractor costs within Projects Delivery (£0.2m over), which is offset by an under spend within Management Agreements (£0.2m). The Management Agreement element is likely to be returned as part of the current budget pressure exercise, to offset the overall deficit. The Projects Delivery element is only temporary, pending redistribution to the relevant projects. Core staff costs underspent by £0.1m. The Land Stewardship position is being reviewed to help the overall NRW deficit partially linked to the predicted fall in timber income. This is proving a challenging exercise given the current spend position being further advanced than it has been in previous years.
TOTAL: NRW	131.9	131.0	-0.9	-1%	238.7	45%	241.9	

Expenditure Performance further analysed:

Section 3.2.1 :	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget
EXPENDITURE	YTD	YTD	YTD	YTD	FY	FY	FY
by Leadership Team	£m	£m	£m	%	£m	£m	£m
Head of Finance	-2.0	-2.0	0.0	-1%	-0.1	-2464%	1.5
Head of Legal Services	1.3	1.3	0.0	1%	2.0	34%	1.9
Head of Sustainable Commercial Development	2.1	2.1	0.0	2%	10.9	81%	9.4
Head of ICT	10.3	10.5	0.2	2%	18.3	44%	17.6
Head of People Management	1.5	1.2	-0.3	-27%	2.1	29%	2.0
Head of Business Support Services and Adfywio	8.5	8.6	0.1	1%	13.6	37%	13.4
Head of Communications and Digital Transformation	1.4	1.4	0.0	2%	2.4	40%	2.2
Head of Organisational Development	1.7	1.6	-0.1	-6%	2.8	38%	2.1
Head of Governance and Board Secretary	1.2	1.3	0.0	2%	1.8	32%	1.9
Head of Natural Resource Management Policy	18.8	18.0	-0.8	-5%	34.7	46%	38.6
Head of Regulation & Permitting	6.2	6.2	-0.1	-1%	10.2	39%	8.7
Head of Knowledge & Evidence	3.6	3.5	0.0	-1%	5.9	40%	5.8
Head of Flood & Incident Response Management	5.1	2.1	-3.0	-140%	5.1	-2%	-3.1
Head of Land Stewardship	2.8	2.9	0.0	1%	6.4	56%	7.4
Head of Operations - North East Wales	7.1	7.6	0.5	7%	12.9	45%	11.5
Head of Operations - Mid Wales	9.5	9.7	0.2	2%	15.5	39%	15.4
Head of Operations - North West Wales	7.3	7.2	-0.1	-2%	11.9	38%	10.7
Head of Operations - South Central Wales	16.9	19.4	2.5	13%	32.3	48%	18.3
Head of Operations - South East Wales	6.9	6.8	-0.1	-2%	10.6	35%	9.5
Head of Operations - South West Wales	12.1	11.6	-0.5	-5%	22.0	45%	24.7
Head of Operations - Development, Planning & Marine Services	4.0	3.9	0.0	-1%	6.9	42%	6.4
Director Of Finance & Corporate Services	0.1	0.2	0.0	30%	0.2	52%	0.2
Director Of Operations	0.3	0.5	0.2	36%	1.1	72%	28.6
Director Of Evidence Policy & Permitting	1.5	1.8	0.3	15%	2.7	44%	2.5
Director Of Corporate Strategy & Development	0.2	0.2	0.0	5%	0.2	30%	0.2
Director Customer Communications & Commercial	1.0	1.0	0.0	-1%	1.7	42%	1.6
Head of Customer	0.9	0.9	0.0	1%	1.6	44%	1.3
Head of Internal Audit and EMS	0.3	0.3	0.0	-3%	0.6	47%	0.5
Head of Corporate Strategy & Programme Management Office	0.9	1.0	0.1	13%	1.8	51%	1.0
Head of Business Transformation	0.1	0.1	0.0	-4%	0.4	78%	0.0
TOTAL: NRW	131.9	131.0	-0.9	-1%	238.7	45%	241.9

Section 3.2.2 :	Actual	Approved Forecast	Variance	Variance	Approved Forecast	Remaining Budget	Original Budget	Commentary
EXPENDITURE - Staff Trajectory	YTD	YTD	YTD	YTD	FY	FY	FY	
by Directorate	£m	£m	£m	%	£m	£m	£m	
Communications, Customer and Commercial	3.8	3.8	0.0	0%	6.2	39%	6.2	Vacancy rate has remained at 10% and now showing a neutral financial position following the forecasting exercise adjustments.
Corporate Strategy & Development	4.6	4.5	0.0	-1%	7.1	36%	6.5	Slight increase in the vacancy rate, up to 2% from 1% in October. Currently showing a slight overspend which is likely to correct itself by year end.
Evidence Policy & Permitting	20.9	21.0	0.1	1%	31.5	34%	31.3	Vacancy level has decreased to 11% from 12% in October following the addition of 5 new members of staff.
Finance & Corporate Services	1.8	2.0	0.2	11%	5.4	67%	5.9	Vacancy rate has remained at 7% with no changes in staffing numbers from October.
Operations	41.0	41.9	0.9	2%	63.3	35%	62.2	Vacancy rate up to 11% (10% October) following a reduction in staff numbers (4). Directorate is still showing an underspend and more in year savings are likely to be identified following a second forecasting exercise during December. The majority of the underspend to date is matched by workforce recharges being behind budget.
TOTAL: NRW	72.0	73.2	1.2	2%	113.6	37%	112.0	

SECTION 4:

NRW Changes to Full Year Forecast

Section 4.1:	Opening Budget	October Approved Forecast	November Approved Forecast	Change In Forecast
INCOME	£m	£m	£m	£m
by Funding Type	£m	£m	£m	£m
Charges	39.0	39.4	39.4	0.0
Commercial	59.1	60.4	62.3	1.9
European & external	9.6	8.5	8.6	0.2
Grant in aid	133.9	128.6	126.6	-1.9
Net movement in use of reserves	0.3	1.4	1.8	0.4
TOTAL: NRW	241.9	238.2	238.7	0.6

Section 4.2: EXPENDITURE	Opening Budget	October Approved Forecast	November Approved Forecast	Change In Forecast
by Directorate	£m	£m	£m	£m
Communications, Customer and Commercial	14.5	16.6	16.4	-0.2
Corporate Strategy & Development	9.1	10.8	10.8	0.0
Evidence Policy & Permitting	60.0	65.0	65.0	0.1
Finance & Corporate Services	33.3	32.2	33.1	0.9
Operations	125.1	113.6	113.4	-0.2
TOTAL: NRW	241.9	238.2	238.7	0.6

Section 4.3:

- 1) Income changes (commercial) - increase is mainly due to the sale of NRW's interest in the Forest Holiday's LLP company (£1.8m). There was an increase to Bike Park Wales income (£0.1m).
- 2) Income changes (Grant in Aid) - decrease in Non flood additional funding due to the receipt of NRW's interest from the Forest holiday LLP sale (£-1.8m) being offset against it. Increase in Welsh Government grants - Assessing Welsh fishing Activities & Fly tipping Action Wales (£0.3m) offset against a decrease in NaCE programme (£-0.4m).
- 3) Income changes (net movement of reserves) - increase in budget mainly due to utilising Hazardous waste surplus (£0.4m).
- 4) Expenditure changes (CCC) - decrease in non staff costs due a reduction in the compensatory planting (£-0.1m) and Windfarm Option Fees project (£-0.1m).
- 5) Expenditure changes (EPP) - a number of minor changes resulting in a small net increase.
- 6) Expenditure changes (FCS) - the main changes are in respect to a reduction in over-programming from the decrease in NI costs (£0.5m) and grants budget reduction (£0.4m).
- 7) Expenditure Changes (Ops) - decrease in staff costs mainly due to reduction of NI contribution rates (£-0.3m), a decrease in the NaCE programme (£-0.2m) offset by an increase in funding for Fly tipping Action Wales (£0.2m) and non staff costs due to increase in consultants (£0.1m).

NRW Board Paper

Date of meeting:	27 th January 2023
Title of Paper:	Internal Drainage Districts – Precepts, Rates & Levies 2023/24
Paper Reference:	23-01-B15
Paper sponsored by:	Rachael Cunningham, Executive Director for Finance and Corporate Services
Paper prepared by:	Deiniol Richards, Business Accountant
Paper presented by:	Rob Bell, Head of Finance
Purpose of the paper	Approval
Summary	<p>The Board is requested to:</p> <ul style="list-style-type: none"> • approve the Internal Drainage District (IDD) special levies, drainage rates and precepts for 2023/24; • authorise its common seal to be affixed to the Approved Drainage Rates; • delegate the Board’s responsibility for approving annual statements for 2022/23 to Rachael Cunningham, Executive Director for Finance and Corporate Services.

Background

1. The Board are requested to approve the recommendations. The NRW Flood Risk Management Committee have considered and endorsed the proposals for Internal Drainage Districts’ (IDDs) Special Levies, Drainage Rates and Precepts for 2023/24.
2. The Board has previously agreed to delegate detailed consideration of matters relating to IDD’s to the NRW Flood Risk Management Committee.
3. All funding recommendations have been discussed with the various IDD Advisory Group Meetings prior to the meeting of the NRW Flood Risk Management Committee.

Assessment

4. The paper considered by the Flood Risk Management Committee can be found at Annex 1, which includes full details of the proposals.
5. In summary, the proposals are to:
 - Raise Precepts from NRW to the IDD's to £318k.
 - The precepts and other costs (mainly maintenance) are then recovered through the funding that we raise for IDD's via Special Levies, which the proposals are £1,360k and Drainage Rates, £191k. The Special Levies and Drainage Rates are paid by Local Authorities and local agricultural users respectively.

Risks and opportunities

6. If the Precepts, Drainage Rates and Special Levies are not approved then we will not meet the statutory deadlines and the programme of works will not be authorised.
7. Increases to drainage rates in IDD's have been informally discussed with the Advisory Groups but there is still a risk of adverse charge payer reaction when they are published.

Wider implications

8. **Finance:** The paper is about the financial position of the IDD's. There will be minor advertising costs involved in communicating the drainage rates agreed in the local area.
9. **Equality:** Equality Impact Assessment is not required.

Next Steps

10. Timelines.
 - Drainage rates published on NRW internet - within ten days of Board approval (by 3 February 2023).
 - Sealed schedules of Special Levies posted to Local Authorities by 14 February 2023.

Recommendation

11. The Board is requested to:
 - Approve the IDD Special Levies, Drainage Rates and Precepts for 2023/24;
 - Authorise its common seal to be affixed to the Approved Drainage Rates;

- Delegate the Board's responsibility for approving annual statements for 2022/23 to Rachael Cunningham, Executive Director for Finance and Corporate Services.

Index of Annexes

Annex 1 – NRW Flood Risk Management Committee Paper on funding proposals for 2023/24



NRW Flood Risk Management Committee Paper

Date of meeting:	January 24 th 2023
Title of Paper:	Internal Drainage Districts – Precepts, Rates & Levies 2023/24
Paper Reference:	
Paper sponsored by:	Rachael Cunningham, Executive Director for Finance & Corporate Services
Paper prepared by:	Deiniol Richards, Business Accountant
Paper presented by:	Rob Bell, Head of Finance
Purpose of the paper	Scrutiny and Recommend approval to NRW Board
Summary	<p>The NRW Flood Risk Management Committee is requested to:</p> <ul style="list-style-type: none"> • agree the proposed Precepts, Drainage Rates and Special Levies for 2023/24 for Internal Drainage Districts (IDDs); • the proposals will then be submitted to the January Board meeting for endorsement.

Background

1. The Board has delegated consideration of the IDD's Precepts, Drainage Rates and Special Levies to this Committee.
2. To seek NRW Flood Risk Management Committee's agreement to raise:
 - Precepts on IDD's which are administered by Natural Resources Wales (£318k);
 - Special Levies (£1,360k) and the Drainage Rates (£191k) for IDD's which are administered by NRW.

3. We administer the activities of thirteen IDD's in Wales (please see annex 1 for location of IDD's). Part of that role is to set our **precept** on the IDD's and to agree the **special levies** and **drainage rates** required to fund the work of the IDD's.
4. We have two non-executive Advisory Groups for Powysland and Gwent IDD's. The Gwent IDD comprises of Lower Wye and Caldicot & Wentlooge who have their own precept, special levies and drainage rates.
5. We have a further five non-executive Advisory Groups for the eleven Districts located in North West Wales.
6. The purpose of the IDD Advisory Groups is to engage with stakeholders and customers providing representative and independent advice to help inform NRW's executive decision making. Also, part of the purpose of the seven Advisory Groups is to recommend **Drainage Rates** and **Special Levies** for the NRW Board to consider and approve.
7. A **precept**, as outlined in Section 141 of the Water Resources Act 1991, enables NRW to seek a contribution from IDD's for works essential to the Main River within, adjacent or flowing from or into an IDD. In principle, the money is raised by NRW from the IDD for the benefit of the respective District or Districts served.
8. All land and properties within a Drainage District are deemed to derive benefit from the activities of an IDD and therefore to contribute to its running costs. Local Authorities are charged a **Special Levy** by the Board in proportion to the annual value of non-agricultural land. **Drainage Rates** are paid by landowners, farmers and tenants in proportion to the annual value of agricultural land.
9. Legislation defines that the Drainage Rates and Special Levies need to be set and published by the 15th of February each year.

Precept Proposal

10. Table 1 below details the proposed Precepts for 2023/24

Precept Proposals - Table 1

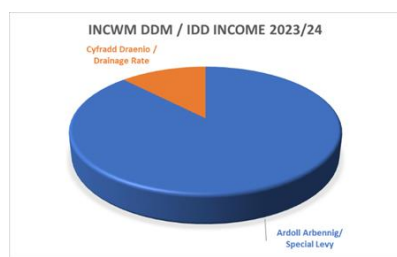
Dosbarth Draenio Mewnol Internal Drainage District	Praesept / Precept 2022/23 £	Cynnig Praesept / Precept proposal 2023/24 £
Gwent: Gwy Isaf / Lower Wye	3,604	3,604
Gwent: Cil y Coed a Gwynllwg / Caldicot & Wentlooge	200,000	200,000
Powysland	10,320	10,320
Afon Ganol	9,402	9,402
Cors Ardudwy / Ardudwy marsh	5,707	5,707
Cors Borth / Borth Bog	7,376	7,376
Afon Conwy	16,104	16,104
Dysynni	14,960	14,960
Glaslyn a Phensyflog / Glaslyn & Pensyflog	11,601	11,601
Harlech a Maentwrog	7,872	7,872
Llanfrothen	3,740	3,740
Cors Malltraeth / Malltraeth Marsh	8,267	8,267
Mawddach ac Wnion / Mawddach & Wnion	14,556	14,556
Tywyn	4,413	4,413
Total	317,922	317,922

11. We are content with the levels of the precepts in the IDD's for 2023/24. Precept recharge calculations will be revisited in 2023/24 to ensure inflationary pressures are fully reflected.
12. We are proposing that the precepts for the thirteen IDD's for 2023/24 remain at 2022/23 levels.
13. There have been informal discussions with members of the Advisory Groups advising them that we were not recommending increases in the precept.

Special Levies and Drainage Rates Proposals

14. Table 2 below provides details of the Special Levies (£1,360k) and the Drainage Rates (£191k) being proposed for 2023/24. The table in annex 2 provides a comparison to the previous financial year.

Special Levies and Drainage Rate Proposals 2023/24 – Table 2



Dosbarth Draenio Mewnol Internal Drainage District	Ardoll Arbennig Special Levy 2023/24 £	Cyfradd Draenio Drainage Rate 2023/24 £
Gwent: Gwy Isaf / Lower Wye	17,071	1,445
Gwent: Cil y Coed a Gwynllwg / Caldicot & Wentlooge	1,116,670	33,305
Powysland	46,204	54,100
Afon Ganol	16,356	642
Cors Ardudwy / Ardudwy Marsh	16,340	3,050
Cors Borth / Borth Bog	10,943	18,084
Afon Conwy	25,676	8,490
Dysynni	21,171	14,939
Glaslyn a Phensyflog / Glaslyn & Pensyflog	27,232	2,286
Harlech a Maentwrog	25,211	3,514
Llanfrothen	4,336	18,316
Cors Malltraeth / Malltraeth Marsh	4,197	28,366
Mawddach ac Wnion / Mawddach & Wnion	25,361	1,420
Tywyn	2,860	3,396
Cyfanswm / Total	1,359,628	191,353

15. Given the current economic climate, increases in costs are only to be expected. Increased electricity and fuel prices are already starting to bite, and as we go into a period where we will be putting the maintenance contract out for tender it is apparent that the price that contractors will be bidding is going to be rather more than we have paid to date.
16. The Special Levies and Drainage Rates recommended have increased slightly in the North IDD's compared to 2022/23. Special Levies have increased by £1.6k and

Drainage rates have increased by £3.6k. This is due to increased maintenance costs at some of the North IDD's (Dysynni, Malltraeth, Llanfrothen and Tywyn). Informal discussions with the North IDD advisory groups will be held in December 2022.

17. The Powysland penny rate will increase for the first time in 6 years in 2023/24 with the Special Levies increasing by £1.8k and Drainage rates by £2.1k to reflect the likely increase in maintenance contract costs. The Powysland Advisory Group is planning to meet on December 14th.
18. The Gwent IDD Advisory group will also be meeting on December 14th. There will be no change to the Lower Wye rates though Caldicot & Wentlooge's penny rate will increase by 15%. This is in line with last year's budget paper which noted that "Forecasted expenditure for next year will fully utilise the remaining balances and therefore rates will need to be increased from 2023/24 in order to cost recover expenditure on maintenance and essential plant purchases". Special Levies for Caldicot & Wentlooge will increase by £146.3k and Drainage rates by £4.4k in 2023/24.
19. Local Authorities must also contribute via Special Levies. They will be contacted by officers to advise them of our proposals and the impact on their respective Local Authority. The Team Leader, Integrated Engineering North West will be contacting the Farmers Union of Wales (FUW) and the National Farmers Union (NFU) to outline our maintenance work plans, as well as informing them of the proposed increased Drainage Rates for the 11 IDD's in North West Wales.
20. At previous Advisory Group meetings, we informed members that NRW is complying with the new accounting standard IFRS 15 (Revenue from Contracts with Customers), which was implemented from 1 April 2018.

We agreed with Audit Wales that IDD's can have an individual **accidental** maximum balance (surplus or deficit) of under 5% of the scheme's annual income or under £50k, whichever the greater at the end of a financial year which it can carry forward for use in the next financial year or taking into account when next setting levies and rates. There will be an exception where funds need to be built up for a significant expense or programme / project.
21. Powysland IDD and the Caldicot & Wentlooge sub-district of the Gwent IDD, are the only IDD's with a material balance, and in line with our IFRS15 policy and agreement with Audit Wales, those balances will need to be used by 31st March 2024.
22. Caldicot are currently carrying out an appraisal of their 5-year capital plan. This will ensure that any expenditure on maintenance and plant purchases are prioritised and phased across the period.
23. Powysland IDD pump station review currently being undertaken by North - this will confirm future maintenance plans. Powysland IDD plan to use their reserves (circa £60k) on a capital investment programme.
24. The Ardudwy and Glaslyn Pencyflog IDD's are currently carrying large balances which are within the limit of IFRS 15, but still need to be addressed. We will be replacing assets in both Ardudwy and Glaslyn Pencyflog IDD's which are not fit for purpose.

25. Drainage rates are calculated on the chargeable value of agricultural land and therefore any changes in the use of the land will be reflected in the rates.

Risks and opportunities

26. If the Precepts, Drainage Rates and Special Levies are not approved then we will not meet the statutory deadlines and the programme of works will not be authorised.

Wider implications

27. **Finance:** Approval of the proposals in this paper will allow the collection of income, which is used to fund direct works.

28. **Equality:** An Initial Screening has been completed, which indicated that a full Equality Impact Assessment is not required for the proposals in this paper.

Next Steps

29. Timelines.

- Executive Team consideration 20 December 2022.
- FRMC Board consultation via correspondence - circulated after Executive Team.
- FRMC Board approval 24 January 2023.
- Formally approved by Board 26-27 January 2023.
- Drainage rates published on NRW internet - within 10-day of Board approval (by 3 February 2023).
- Sealed schedules of Special Levies posted to Local Authorities by 14 February 2023.

Recommendation

30. The NRW Flood Risk Management Committee is requested to:

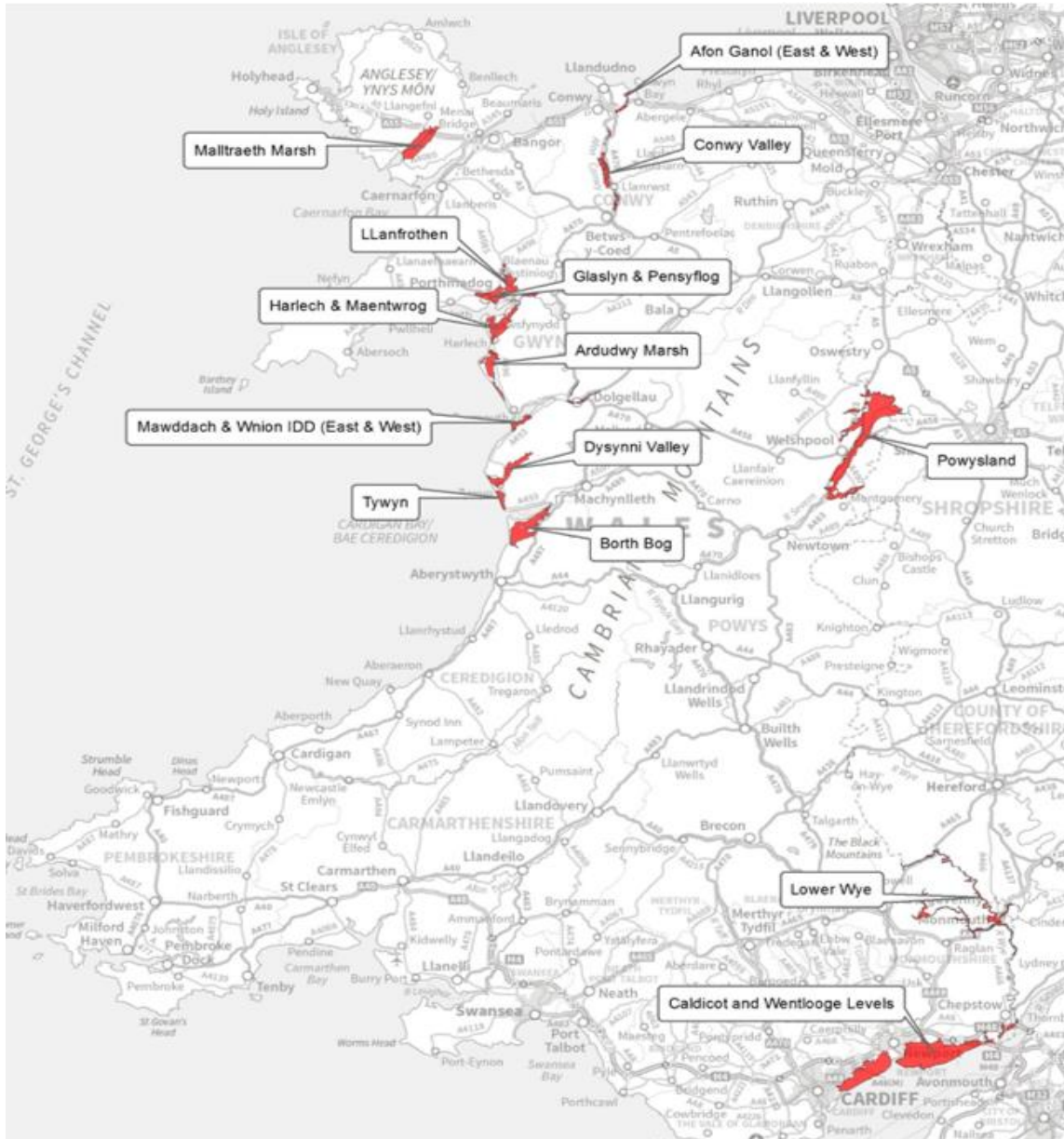
- agree the proposed Precepts, Drainage Rates and Special Levies for 2023/24.
- The proposal will also be submitted to the Board for approval.

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Annex 1 – Map of IDD's

Annex 2 – Drainage rate and Special Levy income by IDD

Annex 1 – Internal Drainage Districts



Annex 2 – Special Levies and Drainage Rates

Dosbarth Draenio Mewnol Internal Drainage District	Advisory Group	Drainage rate pence		Special Levy		Local Authority
		2022/23	2023/24	2022/23	2023/24	
Gwent: Gwy Isaf / Lower Wye	Lower Wye	1.4	1.4	17,071	17,071	Monmouth
Gwent: Cil y Coed a Gwynlwg / Caldicot & Wentlooge	Caldicot & Wentlooge	6.1	7.0	970,326	1,116,670	Cardiff, Newport & Monmouth
Powysland	Powysland	12.5	13.0	44,427	46,204	Powys
Afon Ganol	Conwy	11.1	11.1	16,356	16,356	Conwy
Cors Ardudwy / Ardudwy Marsh	Dwyfor & Merionnydd	20.9	20.9	16,340	16,340	Gwynedd
Cors Borth / Borth Bog	Borth	46.4	46.4	10,943	10,943	Gwynedd
Afon Conwy	Conwy	34.3	34.3	25,676	25,676	Conwy
Dysynni	Dolgellau	49.0	51.6	20,113	21,171	Gwynedd
Glaslyn a Phensyflog / Glaslyn & Pensyflog	Dwyfor & Merionnydd	9.9	9.9	27,232	27,232	Gwynedd
Harlech a Maentwrog	Dwyfor & Merionnydd	12.5	12.5	25,211	25,211	Gwynedd
Llanfrothen	Dwyfor & Merionnydd	69.7	74.7	4,045	4,336	Gwynedd
Cors Malltraeth / Malltraeth Marsh	Malltraeth	42.7	45.2	3,966	4,197	Ynys Mon
Mawddach ac Wnion / Mawddach & Wnion	Dolgellau	12.8	12.8	25,361	25,361	Gwynedd
Tywyn	Dolgellau	72.0	73.1	2,820	2,860	Gwynedd
				1,209,887	1,359,628	

Red text highlights IDD 2023/24 changes compared against 2022/23.

NRW Board Paper

Date of meeting:	27th January 2023
Paper title:	Update on Nature and Us / Natur a Ni
Paper Reference:	23-01-B16
Paper sponsored by:	Prys Davies, Executive Director, Corporate Strategy & Development
Paper Presented by:	Russell De'ath, Senior Special Advisor, Vision 2050
Purpose of the paper	To provide an update on the Nature and Us Programme and the work towards developing a shared vision for the natural environment of Wales.

Issue

1. In 2018 the Board challenged NRW to lead a national conversation to develop a shared vision (Vision 2050) for the natural environment in Wales, and the “Nature and Us” programme was initiated. The next phase of the programme pulls the outputs of the national conversation together through the establishment of a citizens’ assembly, to help shape the final vision. We are keen to fully brief Board Members on the plans to run a citizens’ assembly, and ensure you have appropriate information to be able to explain our approach if questioned. A “Frequently asked questions” document is available on request.

Background

2. Nature and Us is a year-long national conversation to develop a shared vision for the year 2050 and consider the changes we all need to make leading up to 2030 and 2050, as individuals and as a country.
3. Following an involvement phase held between February and May 2022, we designed a second phase focusing on demographic cohorts that were under-represented in the first phase. The general aim was to get a deeper understanding of the views of seldom heard communities on nine different statements of how we might live in the future. The statements were developed building on the responses gathered in the first involvement phase, and as such are considered to be representative of the views of those engaged in that first phase.

4. The second phase was designed to test whether different groups saw themselves in these future statements and why – and if not, what challenges or barriers they might identify. Those questions were posed as part of a series of targeted focus groups. The outcome of those focus group discussions is summarised in an evidence report which is also available on request, and will be published online soon. We are also giving a short presentation to Board to share some of the voices that we have captured throughout the process.
5. To bring this phase of work to a conclusion, a number of options were considered with input from the Advisory Group and Programme Board. The overriding factors in our decision-making were that we wanted an approach that:
 - a. was robust and representative of the Welsh population.
 - b. minimised the cognitive and confirmation bias that we might bring to the shaping of the vision.
 - c. did not put additional burdens on NRW place-based staff
 - d. could ensure the completion of the final vision by Spring 2023.

Options explored included how we might make use of existing mechanisms, such as local authority citizen panels through our PSB networks, as well as the option of establishing a further series of participatory workshops. These options were considered to be complicated, time consuming with greater investment of staff time required to secure a consistent approach that could be replicated across each local authority / PSB in Wales. Using established local authority/PSB fora would not guarantee that our approach would be wholly representative. The favoured approach was establishing a citizens' assembly.

6. We are now working with a specialist engagement agency to design and deliver a citizens' assembly to help shape the vision. We think this is the fairest way of developing a vision for Wales that is representative of citizens' voices. Through using a citizens' assembly to agree the vision, it will provide a mandate to drive forward a range of actions needed to deliver on the nature and climate emergencies.
7. The [National Centre for Social Research](#) (NatGen) Centre for Deliberative Research will be running the citizens' assembly on behalf of Natural Resources Wales. It is part of Britain's largest social research organisation, and generates evidence that policy makers and citizens can use to inform, engage with and transform complex social issues.
8. The recruitment of assembly members is provided as a contracted service by [the Sortition Foundation](#). The Sortition Foundation is a not-for-profit organisation that specialises in recruiting and selecting people by lottery to take part in these kinds of events, in a way that is broadly representative of the wider population.
9. The Nature and Us programme established an Advisory Panel to help shape the focus, content and facilitation methods for the assembly. This includes a mix of public, private and third sectors representatives from the following organisations:
 - Cardiff University
 - County Council Network

- Dŵr Cymru Welsh Water
- Future Generations Commissioner's Office
- Natural Resources Wales
- OASIS Cardiff
- One Voice Wales
- Public Health Wales
- Royal Society for the Protection of Birds
- The Food Farming & Countryside Commission
- University of Liverpool/ FLiNT
- Welsh Government
- Welsh Local Government Association
- Young Farmers Club

Panel members were invited based on their experience in engagement, deliberative research or their involvement in similar work. The Advisory Panel is co-designing the assembly process, in keeping with our Team Wales approach. Once the process is complete, the Advisory Panel will be invited to reconvene to hear the recommendations of the Assembly, and to reflect on the process and the impact going forwards.

10. The assembly will take place over three meetings in February and early March:

- Session 1: 11 February (online)
- Session 2: 4-5 March, in person events in Wrexham and Swansea Bay
- Session 3: 18 March (online)

All Citizen Assembly members will be remunerated for their time at a standard rate comparable to market research undertakings (roughly equivalent to £100 per day).

11. The Advisory Panel has agreed that the core question for the Citizens Assembly to address will be "What does the future look like when society and nature thrive together". The outcomes of the Assembly will directly shape the vision for the natural environment in Wales, and the actions we take for both nature and for people.

Summary

12. Nature and Us has been a year-long national conversation which is now coming to an exciting crescendo through the citizens assembly which is empowering citizens to help shape the vision.

Recommendation

13. Board is requested to note this paper and its appendices including the risk and mitigation measure below.

Key Risks

14. Citizens' assemblies are not a new form of deliberative tool, but this is the first time NRW has facilitated one itself and as such there is a steep learning curve. We need to ensure that we get maximum value from the learning.

15. Citizens' assemblies can be criticised for being resource intensive. Costs are associated with the sortition process, and the remuneration of participants' time. Gaining a broadly representative group of people can be challenging and expensive, and the process for developing and planning an assembly is intensive and demanding on resources over a short period of time. However, compared with other options explored we are able to deliver value for money and a representative, robust output. We have followed all good practice guidance, and have been working across the public sector in Wales to ensure that this is a collaborative exercise, through which the outputs can be used by all. In doing so we are ensuring that the resources spent on this process are on behalf of Team Wales as a whole.
16. There is a risk that the citizens' assembly is seen as a publicity exercise if not followed by real outcomes. NRW must be genuinely open to the public generating new ideas and solutions that we might not consider ourselves. Some of these solutions may fall outside of the scope of our functions, so it is imperative we continue to build on the Team Wales relationships established so far.

Next Steps

17. We are developing a process to involve the Nature and Us Programme Board and other representatives from across NRW to help design the next phase of the Nature and Us programme. This will include embedding the learning, maximising the impact and legacy of our work, and how conversations around the shared vision are taken forward in a way that drive transformations needed across society, and deliver the full range of benefits. There are some important internal and external connections that have been made and will be sustained – particularly with Welsh Government around Net Zero behaviour change, the recommendations following on from the Biodiversity Deep Dive and with the arts and cultural sector about our common aims to support cultural transformations.

Financial Implications

18. All costs are approved as part of the existing Business Plan. The combined cost of the citizens' assembly and sortition process is just over £80,000 or 25% of the programme budget which was approved in March 2022, and we are working within those existing budget parameters. Given that there may be some longer-term aspects that we may wish to follow-up (such as the ongoing impacts of the 2050 vision work, and the benefits realised through relationships with stakeholders), we do expect some resource implications into the next Corporate Plan period. We will ensure that is prioritised according to resources available and seek opportunities and efficiencies by linking up with other similar exercises across the organisation.

Equality Impact Assessment (EqIA)

19. An Equality Impact Assessment has been prepared for the first phase of Nature and Us and was previously shared with the Board. A separate EqIA has been prepared for the citizens' assembly work and is available on request.

Board Public Engagement - results of public survey

Presented by Colette Fletcher, Board
Secretary & Head of Governance

Analysis by Bethan Williams-Price and
Andy Mills, Consultation Institute



Recap



- In November 2022 the Consultation Institute conducted a desk review of current Board public engagement activity and potential future models based on sector best practice, which was presented to the November Board. That review concluded that NRW was doing well on public engagement at Board meetings compared to other public bodies.
- Throughout November and December 2022 we commissioned a survey of the public on engagement with and at NRW Board meetings. The survey gauged current appetite for public involvement and tested ways in which the public could engage further.

Methodology



- The survey was co-designed by NRW and the Consultation Institute.
- Hosted on Citizen Space in both Welsh and English. Promoted via NRW social media channels (Twitter, Facebook and LinkedIn).
- 21 Stakeholders who had previously attended Board meetings over the last three years (either in person or online) were sent an electronic link to the survey (only 3 completed - a conversion rate of 14%).
- The link to the survey was shared on the NRW social channels 3 times during the 29 days it was open.

Survey responses



- Across all social media channels there were a total of 10,421 overall impressions (4,542 Welsh, 5,746 English) and 120 click throughs - a conversion rate of just over 1%. There were 22 shares and 18 survey completions from click-throughs. This suggests that public engagement at Board meetings is not a top priority for many.
- A total of 18 responses were received. 3 from stakeholders: Waters of Wales, Welsh Rivers Union and CPRW. 15 people expressed a personal view.
- 17 of 18 respondents identified as White British, 12 were aged over 55 and there were 11:7 male to female responses.
- The extent of the data gathered (18 responses) is too limited to allow us to carry out detailed quantitative and qualitative analysis. We therefore advise that the results and analysis should be treated with caution in terms of a representative view from the public or indeed stakeholders.

Results: Attendance



- 8 people had attended a Board meeting in the past, 10 had not.
- Of the 8 who had attended, 7 said that they did so as they were interested in a subject being discussed by the Board. The others wanted to ask a question or were curious about what happened in Board meetings.
- Those who had not attended reported that they were unaware they could, did not know about the meetings, and that there was a lack of information.
- Those who attended in person reported doing so mostly ‘out of curiosity’.
- Those who attended online reported a largely straightforward process, with a single suggestion to ‘try platforms other than MS Teams’ because ‘some versions of teams don’t work very well or consistently with all (web browsers)’. They also reported attending ‘out of curiosity’ with a single respondent saying they attended to ‘ask a question’.

Results: Engagement options



- There was no strong indication from respondents for the Q&A session to be anywhere specific on the agenda, but there was strong support for public questions to be submitted in advance, responses given in the meeting and minuted.
- Similarly there was strong support for a separate local session (online or face to face) outside of the current Board meetings to discuss a current topic of interest to the public local to where the Board meeting is being held.
- There was slightly more mixed support for a separate national focus/stakeholder group to engage the public on topics directly linked to the Board agenda.

Results: Other suggestions 1



- 'Meetings to be more local to location' - NP7 (Crickhowell), postcode suggested
- 'More meetings to be held in person with good public transport links' - HR3 (Hay on Wye) and SY16 (Newtown) postcodes suggested
- 'Use alternative engagement platforms e.g. Zoom or Webcasting (no preference indicated)
- 'Additional face to face/online public sessions to be arranged outside the formal Board meetings'. This was the most popular suggestion, supported by 10 respondents. No preference indicated.
- 'Agendas need to be out earlier'.
- 'All recorded Teams public sessions should be available to the public after the meeting. Few people can give up work time to attend'.
- 'Provide simplified synopsis of Board papers and rationale'.
- 'Improve communication about the meetings - how do you get invited, notified and register to attend?'

Results: Other suggestions 2



- ‘Let's do more together on the Citizen Science front - might help the 'enforcement' side of NRW's work be much more focused.’
- ‘For questions to be carried over until a satisfactory answer.’
- ‘Listen to communities to help then defend detrimental planning applications.’
- ‘Make it possible for the public to discuss online, before the Board meeting, the items on the Board's agenda.’
- ‘Make a summary of such discussions one of the papers presented to the Board at the meeting.’
- ‘I'm more interested in operational issues which can be discussed separately than mechanics of the organization.’
- ‘Publish a staff contact list so organisations such as ours can go to them directly rather than through a generic central number that takes ages to get nowhere. The Board members should be accessible for face to face meetings with organisations such as ours.’
- ‘More welcoming information to be posted at local sites, I would love to get involved if I only had the information on how to do so.’

Summary 1



- Low response rate therefore difficult to make generalisations.
- Our current communication about Board meetings via the website and social media is not reaching/resonating with people. We may need to consider targeted local communications for in-person meetings.
- There is an appetite to consider platforms other than Teams.
- There was strong support for public questions to be submitted in advance, responses given in the meeting and minuted, with questions carried over until a satisfactory response is received. There were no strong feelings about where public Q&A should sit on the agenda.
- There was also strong support for changing the nature of the Board's engagement, including separate local sessions held in the location of in-person Board meetings. Topics of interest included citizen science, operational issues, and planning applications.

Summary 2



- There was an appetite to consider a separate national focus/stakeholder group to engage the public on topics directly linked to the Board agenda. It was suggested that a summary of these discussions could form a paper to the Board.
- If we want to facilitate more public engagement at in-person events we will need to hold Board meetings at locations with better public transport in future.
- There is an appetite for publication of additional information, e.g. agendas to be available earlier, recordings to be made available, synopsis of Board papers to be published.
- There is an appetite for direct contact with staff rather than via a general enquiries line.
- Of those who have responded 50% want to be contacted again to discuss any plans for change.

Additional context



- This does not seem to be a top priority for the majority of the public.
- NRW is meeting its statutory obligations in terms of transparency and public scrutiny, and is doing this better than many other public bodies.
- We need to ruthlessly prioritise where we focus our efforts given increasing pressure on budgets and staff time. The aim should be to reduce the ask rather than increase it.
- Recommendations...

Recommendations



1. Consider the use of local advertising / spreading word via the relevant People & Places Teams when we are holding in-person Board meetings.
2. Prioritise public transport access when selecting future Board venues.
3. Acknowledge the public's suggestion that we consider using platforms other than Teams but explain that we also have to be confident in their security and data protection and therefore Teams is our best option.
4. Refocus the use of Q&A from the public. Questions related to items / papers on the agenda should be submitted in advance and will be raised, answered and minuted during discussion of that item at the meeting. Any questions received that do not relate to items on the agenda will be handled via our enquiries line. The 'open mic' public Q&A should be removed from the agenda.
5. If there is appetite from individual Board members for additional engagement with the public, we will seek to identify opportunities through our existing Place Teams and national public affairs activity where they could add value.
6. Make the 50% aware that the survey and subsequent recommendations will be discussed at January Board. Issue subsequent communications to public re next steps.

NRW Board Paper

Date of meeting:	27 th January 2023
Title of Paper:	Proposed changes to the Statutory and Legal Scheme (SaLS)
Paper Reference:	23-01-B19
Paper sponsored by:	Clare Pillman, Chief Executive Officer
Paper prepared by:	Clare Jones, Lead Specialist Advisor, Governance
Paper presented by:	Colette Fletcher, Head of Governance & Board Secretary
Purpose of the paper	Approval
Summary	To seek approval for proposed changes to the Statutory and Legal Scheme (SaLS) from the Enabling Services Leadership Team, Evidence Business Board, and the Flood Risk Management Business Board

Background

1. All NRW Business Boards were recently asked to undertake an annual review of the Statutory and Legal Scheme (SaLS) content that they are responsible for maintaining. This paper presents for approval the proposed changes to the SaLS from the Enabling Services Leadership Team (ESLT), Evidence Business Board (EBB), and Flood Risk Management Business Board (FRMBB).
2. Our procedures state that any new lines or sections in the SaLS, or changes to the delegated authority affecting the CEO herself or Executive Team members, must be presented to the Board for approval.
3. This paper seeks approval from the Board for a change to SaLS to incorporate the additional requested lines and identified amendments to the delegated authority. The proposals were approved by Head of Governance and Board Secretary, Head of Legal Services, and the Executive Director of Communications, Customer and Commercial in the capacity as Acting Chief Executive Officer in December 2022.
4. The Enabling Services Leadership Team is responsible for the review of the SaLS content that was previously the responsibility of the Corporate Services Business

Board, which is no longer in place. The Enabling Services Leadership Team is proposing the addition of a new line that will address a gap that has been identified for those occasions when a legal agreement is required with another organisation, but which does not result from NRW's statutory responsibilities (Ref.2.4). It is also proposed that the Delegated Level for SaLS Ref.9.10 is amended from 'Relevant Business Board' to 'NRW Board or relevant Board Committee', to ensure that the approval of any statutory corporate reports such as Welsh Language, Equality and Diversity and Wellbeing, Health and Safety is made appropriately.

5. The Evidence Business Board is proposing the addition of a new line to address an identified gap in the Record Management process, in relation to the retention of documentation (Ref.6.3). It is also proposed that the Delegated Level for SaLS Ref.6.12.a) is amended from 'Executive Team' to 'NRW Board', to ensure that the Interim (Draft) State of Natural Resources Report (SoNaRR) is approved appropriately.
6. The Flood Risk Management Business Board is proposing the addition of four new lines:
 - a. Ref.8.37 – to address an identified gap in the Property Flood Resilience authorisation process. This is a process where NRW provides items, such as flood doors, to properties as a measure to help protect against flood damage;
 - b. Ref.8.76 – to address an identified gap in Flood Risk Management; and
 - c. Ref.10.4 and 10.5 – to address identified gaps within NRW Incident Response. Responsibility for both of the SaLS references will sit with the Incident Management Business Board.
7. There is a consequential effect on numbering for each section, but these revisions are not included in the annex, as we will take approval of the additions to include approval of the consequential numbering changes.
8. Annex 1 presents the proposed new Enabling Services Leadership Team, Evidence Business Board, and the Flood Risk Management Business Board entries and amendments to the Board for approval.

Risks and opportunities

9. SaLS is an important part of our governance framework and if we do not keep it current there is a risk that it will no longer be fit for purpose. There would also be a risk if staff did not have clarity about their authorisation and delegation levels.

Wider implications

10. There are no additional financial implications or considerations.
11. The governance requirements affect all members of staff equally. No adverse effects are anticipated for any particular protected groups or characteristics.

Next Steps

12. Following approval of the proposed additional entries and amendments, the Enabling Services Leadership Team, Evidence Business Board, and the Flood Risk Management Business Board will be advised and the new lines will be incorporated into the SaLS master document.

Recommendation

13. The Board is asked to approve the proposed additional entries and amendments for inclusion within the SaLS master document.

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Annex 1 NRW SaLS 2023 – EBB, FRMBB and ESLT additions for Board approval

							Delegated Level		
	REF	Category	Sub-Category	Function	Applicable Board(s)	Section of legislation	Job Grade	Job Description	Link to MoM
Proposed	2.4	Agreement with other bodies	Legally Binding Agreements	Approval of a legally binding agreement that does not emanate directly from statute, which is low risk or will have limited impact	Enabling Services Leadership Team	N/A	Grade 11	Relevant Leadership Team member (G11)	See Buying Goods, Works and Services, Grants and Projects sections Legal Services
Proposed	6.3	Evidence, information, Governance and Asset Management	Record Management	Application to retain records under section 3(4) of the Public Records Act 1958	EVIBB	Section 3(4) of the Public Records Act 1958		Senior Information Risk Owner (SIRO)	
Current	6.11	Evidence, information, Governance and Asset Management	State of Reporting	Prepare and publish a State of Natural Resources Report (SoNaRR). a.) Approval of the Interim (Draft) report one year in advance b.) Approval of the final SoNaRR report	EVIBB	Environment (Wales) Act 2016, Part 1 Section 8(1) Environment (Wales) Act 2015		a.) Executive Team b.) NRW Board	No
Proposed	6.11 6.12	Evidence, information, Governance and Asset Management	State of Reporting	Prepare and publish a State of Natural Resources Report (SoNaRR). a.) Approval of the Interim (Draft) report one year in advance b.) Approval of the final SoNaRR report	EVIBB	Environment (Wales) Act 2016, Part 1 Section 8(1) Environment (Wales) Act 2016		a) Executive Team a) NRW Board b) NRW Board	No
Proposed	8.37	FRM	Main Rivers: Operational Powers	Authorising installation of PFR by signing Legal Agreement between resident and NRW.	FRMBB		Grade 9	Operations Manager (Grade 9)	See Buying Goods, Works and Services section
Proposed	8.76	FRM	Flood and Water Management	Decision to offer or withdraw a flood warning service to a community	FRMBB	Water Resources Act s166(1), Ministerial Direction 1996	Grade 7	Warning & Informing Team Leader	No
Current	9.10	Governance, Strategies and Reporting	Corporate Strategy, Annual Plan & Reports	Approval of any statutory corporate reports such as Welsh Language, Equality and Diversity and Well-being, Health and Safety	Enabling Services Leadership Team	various		Relevant Business Board	No
Proposed	9.10	Governance, Strategies and Reporting	Corporate Strategy, Annual Plan & Reports	Approval of any statutory corporate reports such as Welsh Language, Equality and Diversity and Well-being, Health and Safety	Enabling Services Leadership Team	various		Relevant Business Board NRW Board or relevant Board Committee	No
Proposed	10.4	FRM	NRW Incident Response	Decision to issue, update or cancel a Flood Alert or a Flood Warning to provide a warning of the risk of flooding to those registered for the service	IMBB	Water Resources Act s166(1), Ministerial Direction 1996		Flood Warning Duty Officer for relevant operational district	Flood Warning Duty Officer for relevant operational district No
Proposed	10.5	FRM	NRW Incident Response	Decision to issue, update or cancel a Severe Flood Warning to provide a warning of the risk of flooding to those registered for the service	IMBB	Water Resources Act s166(1), Ministerial Direction 1996		Duty Tactical Manager for relevant operational district	Duty Tactical Manager for relevant operational district No

Board Forward Look – March						
	Item	Private/ Public	Scope	Purpose	Time	Sponsor
1	Open meeting	Public and Private	Standing Item		5	Chair
2	Review Minutes	Public and Private	Standing Item		10	Chair
3	Chair's Update	Public and Private	Standing Item		10	Chair
4	CEO Update	Public and Private	Standing Item		30	Clare Pillman
5	Committee Update	Public and Private	Standing Item		20	Chairs of Committees
6	Finance Approvals	Private	Approval	Approval of the latest financial items	20	Rachael Cunningham
7	Budget and Business Plan 2023-24	Private	Scrutiny	To sign-off the Budget and Business Plan	30	Rachael Cunningham
8	Public Service Boards (PSB) - Wellbeing Plans	Private	Approval	To approve PSB Wellbeing Plans	60	Ceri Davies
9	Corporate Plan	Private	Discussion	Discussion for Board steer and ideas with focus on implementation and delivery	120	Prys Davies
10	Business Plan Performance Dashboard Quarterly Update	Public	Standing Item	To scrutinise Quarter report (Q3 Oct-Dec)	20	Clare Pillman
11	Finance Report	Public	Standing Item	To consider financial performance	15	Rachael Cunningham
12	Wellbeing Health & Safety Report	Public	Standing Item	To scrutinise progress WH&S Annual Report (Q3 Oct-Dec)	20	Prys Davies
13	Equality, Diversity, and Inclusion Annual Report	Public	Standing Item	For approval of the EDI Annual Report	20	Prys Davies
14	Annual Review of Board Committee Membership	Public	Approval	To approve the Annual Review of Board Committee Membership	15	Prys Davies

Board Forward Look – March						
	Item	Private/ Public	Scope	Purpose	Time	Sponsor
15	Terms of Reference for PrAC and NRWLEC	Public	Approval	To approve the Terms of Reference for PrAC and NRWLEC	5	Prys Davies
16	Board Forward Look	Public	Discussion	To discuss upcoming items	5	Prys Davies
17	AOB	Public and Private		If raised	5	