

Confirmed Minutes

Title of meeting:	NRW Board Meeting – Public Session Microsoft Teams
Date of meeting:	17 th 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 –