



**Cyfoeth
Naturiol**
Cymru
**Natural
Resources**
Wales

Our approach to regulation to support natural resource management

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Introduction

Our purpose is to ensure that the natural resources of Wales are sustainably maintained, enhanced and used, now and in the future.

Natural Resources Wales has a wide range of roles and responsibilities and as an organisation needs a flexible approach to ensure that people, business and the environment can thrive together. One of our key roles is as a regulator, and we have developed principles that will guide our approach to regulating others. This is challenging as we directly regulate some 1,700 industrial, waste and water sites across Wales and issue over 10,000 permits, 65,000 fishing rod licences, 480 tree felling licences and 100 marine licences a year.

We are the largest Government sponsored body in Wales with almost 1,900 staff and an income (2014/15) of £180 million. Of this around 20% of the income is from charging schemes.

In our Corporate Plan for 2014 – 2017 we say:

- *We will help protect and improve the quality of our air, land, sea and water*
- *We will, as a regulator, provide evidence based advice and clear decisions in good time to enable businesses in Wales to operate effectively and achieve the highest environmental standards*
- *We will work with business, industry and government to support the development of critical infrastructure and encourage development in the right places to ensure the sustainable management of our natural resources*
- *We will deliver an effective and co-ordinated response to environmental incidents and risks, such as flood events, pollution and disease outbreak, and help decrease the risk of flooding to people and properties*
- *We will develop Wales' approach to integrated natural resource management as a basis for decision making*
- *We will ensure we have a good understanding of our environment, economy and people in Wales, and of Wales' place in the world, and will continue to review our evidence to ensure that it is fit for the challenges facing the natural resources of Wales*
- *We will develop and manage a sound evidence base to support our strategic and operational decision making and inform decision making by others*
- *We will continuously improve our services to customers and our relationships with stakeholders and partners through open and collaborative approaches*

The approach we describe in this document is about how we will deliver our aims, using new ways of working with others - to protect people, the environment, and business. We have access to a wide range of tools, which are not simply limited to those that may be considered as regulatory approaches. There are other tools and approaches, such as economic, voluntary and the use of information and knowledge sharing which, linked to early engagement and prevention, provide a range of ways for use to effectively deliver the outcomes we seek to achieve.

We set out, both for those we come into contact with, and for ourselves:

- how we look to define regulation in the context of natural resource management;
- our initial set of regulatory principles;
- an overview of what we will do and how we will do it; and
- how we intend to involve others to continuously improve our regulatory approach.

A regulation delivery work programme with targets and measures of success will be developed separately to complement these regulatory principles. We define our regulatory work in the context of the natural resource management, and what this means for the approach we take.

We also highlight where and how we seek to embed our values. We are **passionate** and **ambitious**, **disciplined** and **focused**, **trusted** and **professional**, **responsible** and **accountable** and apply **common sense**.

Natural Resource Management – the wider picture

Natural Resources Wales was asked to take a more joined-up approach to managing and caring for our environment and its natural resources. This joined up approach is often referred to as the Ecosystem Approach. It is not prescriptive, but provides some guiding principles about working with nature for a healthy and resilient environment, for people and nature alike. It is a way of considering the environment – and its health – as a whole, rather than dealing with individual aspects separately. It will enable our projects and programmes to deliver as many benefits as possible for the people, environment and businesses in Wales.

Natural resource management is how we put this integrated working into practice.

It is a framework to encourage the identification of a common purpose. The aim is to work with other colleagues, communities, industry and Government from the start in order to establish common aims and objectives for a given activity or location.

It is a way of helping us all find multiple wins in everything we do, and will enable us take a more integrated approach across all of our work from the start.

This can make use of our traditional range of tools to protect the environment, but will also require us to build in new ones which will help us achieve even more. This also encourages us to consider the spatial scale and timescale for our actions, managing our approach at the most appropriate level (for example, placed based), to help achieve common outcomes. This will also encourage us to think about when to act and look at where early intervention or prevention may deliver better outcomes.

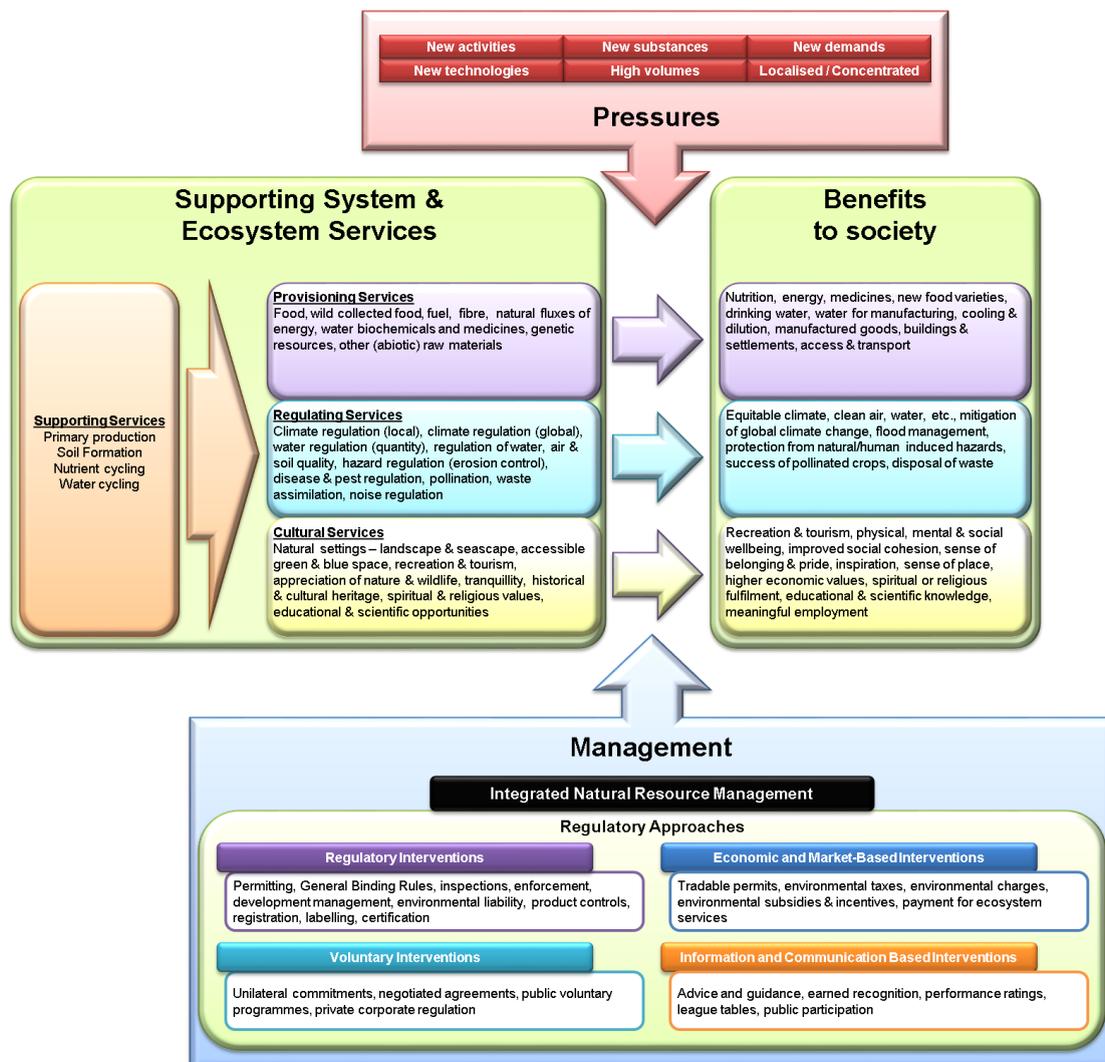
The application of natural resource management is an evolving area of work which will be further developed by us working in partnership with Welsh Government which is developing its policy on integrated natural resource management.

What is regulation in the context of natural resource management?

When considering the role of regulation with respect to natural resource management, we need to consider how society benefits from ecosystems. These are defined as ecosystem services.

These services can be divided into four categories – supporting services, provisioning services, regulating services and cultural services. Such ecosystem services, such as water regulation and pollination (regulating services) or fuel and food (provisioning services) may be impacted by new activities (with new pollutants), new technologies, new substances, and/or the concentration or localisation of these in the environment which may compromise or reduce the resilience of these ecosystems to provide a range of services and end benefits to society.

External management - natural resource management - can protect or enhance the resilience and capacity of ecosystems and the services they provide, to deal with man-made or natural pressures, so they can still provide benefits to society.



It is around this view that we can consider what kind of regulation is needed to contribute to the management system for ecosystem services, and support natural resources

management. We do not define how to do this here, but aim to provide an insight into why there may be such a need for regulation in some form. This also reinforces the idea that regulation is more than simply the application of the law, and provides a broader view as to what we, working with others, are seeking to achieve.

Our Regulatory Principles

Given this broad context for regulation, it will be impossible to define all possible approaches in all circumstances. We will need to be able to respond, based on the evidence and the circumstance, remembering to focus on the outcome, not on the process. We will, however, continue to be required to work within the law, and its obligations, but will look to do things better.

We have therefore looked to adopt a principles approach, and have defined our first set of eight regulatory principles, which also reflect on the twelve core principles that inform natural resource management. For each of these, we consider the specific features of the principle, as well as the challenges around delivering against the principle.

1. Deliver outcomes

We seek to deliver environmental outcomes, not just deliver regulation, seeking to deliver shared outcomes where we can.

This ensures that the work we do is rooted in the delivery of outcomes. This clarifies the role of regulation as a tool in the delivery of positive outcomes. This allows us to consider outcomes reflecting on societal choice and how we all would want our ecosystems to function and be resilient.

For example, by looking at area-based approaches to deliver the outcome of sustainable management of natural resources, we can through trials understand the most effective way to utilise our and others skills and knowledge. The delivery of such an outcome would provide benefits for the people, environment and businesses of Wales.

Our challenges:

- Developing meaningful performance measures that not only reflect efficiency, but also the effectiveness in delivering the desired outcome.
- Succeeding in defining and sharing common goals, and being able to explain these to others.
- Ensuring we are **disciplined** and **focused** on the outcome, and not simply concerned with the process.

2. Prepared to challenge

We will challenge and address barriers where they don't contribute to the environmental outcome.

By reviewing the effectiveness of the delivery of outcomes, we will be encouraged to challenge the way we work and how we deliver. This also looks to encourage us to identify and highlight potential barriers to delivering outcomes, and look for ways to remove these.

Our challenges:

- Developing a willingness to challenge what doesn't work (for example, continuous "red-tape" challenge).
- Be prepared to highlight the need for legislative change where this is not delivering outcomes, whilst recognising that we are be required to work within and apply the legal framework (and cannot simply "ignore the law").
- Ensuring there is a constant check of "fit for purpose", applying **common-sense**.

3. Be flexible

We seek to be flexible and tailor the approach to the needs of the recipient, using innovation and novel approaches where appropriate and learning from past experience.

This encourages us to understand the interests and motivations of those we meet. We will need to engage in conversation, develop mature relations, and avoid simply instructing. We do however still need to recognise that for some, there will be a need for more help and support, even direction, than for others. We need to tailor appropriately, giving thought to those we engage with, considering factors such as behaviours and knowledge, and for businesses, their size, skills and capacity. We will need to foster innovation and novelty and be less bound by historical process and/or old regional/area geographical boundaries.

We will need to think about the spatial scale and timescale for our actions, and what the most appropriate level and time to do things might be. This will also encourage us to think about when to act and look at where early intervention or prevention may believer better outcomes. Being flexible will also allow us to manage and recognise the inevitability of change.

Our challenges:

- Ensuring we have clear **responsibility** and **accountability** allowing proportionate and timely decisions.
- Providing clarity on how we will provide flexibility and consistency.
- Developing a culture and operating environment that fosters innovation.
- Being able to correctly define the appropriate spatial scales and timescales.

4. Be intelligent

We should use all available evidence from a range of sources and seek to ensure the data we collect from those we regulate contributes to the evidence to inform action to deliver outcomes.

We will need to ensure collect and use data efficiently, seeking this only once wherever possible. We need to apply where possible Geographical Information Systems (GIS) principles and use the data collected to deliver action informed by intelligence. This will encourage the use of new types and sources of data, using it with problem solving techniques to create knowledge. Using broad evidence (knowledge, information and data) will help inform risk based approaches, and highlight the priority areas for action.

Our challenges:

- Developing a willingness to look for problems and find solutions.
- Ensuring we fully utilise evidence (including data analysis, problem solving and the knowledge they create) to inform solutions and identify the most effective response to a problem, and why we may chose such a response.
- Ensuring evidence informs our risk based approach and decisions.
- Ensuring we are critical about the data we need and improve our systems for handling and sharing data with others to add value.

5. Use the full range of tools available

We seek to apply a wide range of tools, chosen for their effectiveness in delivering outcomes. This includes using the law to deal with those who act illegally, to protect honest business, society and the environment.

We will need to access an extensive toolkit. We will need to understand the effectiveness of the tools and in what context and when they are best applied. Such tools wouldn't necessarily be limited to regulatory, whether this these are environmental or planning, but will also include economic, voluntary and information based tools. Such tools might include advice and guidance on good practice or specific guidance on how to comply with the law. In addition, there is the use of specific legal tools where the circumstances justify, and where this is the right thing to do.

Our challenges:

- Ensuring we can access a diverse "toolkit", and that we properly understand the limitations of our own tools, and the extent of others.
- Ensuring we avoid prescriptive use of successful approaches.
- Developing a willingness to make rapid progress to do the right thing, and being able to handle the potential impact to our reputation.

6. Bring the right skills / expertise together

We seek to ensure we have the skills to use the right tools effectively, or seek access to and work with those who do.

We will need to work with others when their skills and tools will deliver the best outcome. This includes looking at the tools (including regulatory) others possess and assessing if they would enable us to be more flexible and effective. When using our own tools, we must ensure that our teams have the rights skills to use what they have efficiently and effectively. We also need to have access to the right skills and knowledge so we can understand others and engage with them effectively.

Our challenges:

- Ensuring we have the right people with the right skills, who are **professional** and can be **trusted** and empowered.
- Developing an approach to ensure we understand what works and why.
- Developing and extending collaborative and partnership approaches.

7. Be clear on what we do and why

We will seek to ensure everyone understands the role and purpose of the regulator and what our outcomes are, in such a way that it is easy to see the link between what we are doing and why and to embed a consistent approach.

We will need to be able to clearly explain what we do, and why, in a language and style that means something to those we meet. This will provide for openness and transparency and, where we consult, clarity on how this can inform our decision making.

Our challenges:

- Ensuring we all understand what we are doing and why, and can explain this to others.
- Ensuring we can explain the role of regulation in the context of integrated natural resource management.
- Ensuring we provide a clear route for those who do not agree with our decisions, or how we behave, to raise those concerns with us.
- Ensuring we provide ways for those we engage with to provide feedback on what we do and how we do it.
- Ensuring we are clear about what others can expect from us.

8. Be efficient and effective

We will seek to deliver in an efficient and effective way, working with others where we can, and where this is a good thing to do.

We will need to be able to clearly explain what our standards of service are, and how we will measure our effectiveness and efficiency. We will need to be clear as to how and where we spend our income, and ensure there is the correct balance between costs to business and costs to the tax payer.

Our challenges:

- Ensuring we develop approaches to measure the effectiveness of what we do.
- Ensuring we have clear standards of service, and provide ways to review ourselves against these standards, and publicise this information.
- Ensuring we are clear about the sources of our income, and what benefits this income provides.
- Ensuring we deliver the appropriate balance between the sharing of costs between businesses and tax payers, as well as sharing the benefits from efficiency savings.

What we will do, and how we will do it

Our purpose is to ensure that the natural resources of Wales are sustainably maintained, enhanced and used, now and in the future. Our approach to supporting the resilience and enhancing the capacity of the ecosystem services through natural resource management, and the delivery of our regulation will help to achieve this.

To deliver effectively, we need to seek wider business (from small and new businesses to large and well established organisations) and societal “buy-in” where we can, recognising that shared outcomes greatly increase the likelihood for success.

Given the wide range of approaches, tools and skills that may be required to meet the challenges, our long term aspiration is not to detail how to “do regulation”. It will be about how to deliver outcomes; being able and confident to describe how that ambition is to be achieved.

We will have reached this vision, when:

- We work around delivering outcomes that are supported by business and society, with contributions, input and possible delivery from these groups.
- We work around programmes and projects to deliver these outcomes.
- We use evidence (knowledge, information and data) to inform decisions and identify problems early, and have embedded data analysis and problem solving.
- We have skilled, knowledgeable people, empowered to make decisions in line with our principles.
- We are prepared to challenge the status quo and obstacles to delivery, including the proactive identification of legislation or processes that harm the delivery of outcomes.

This vision will not be achieved overnight, and requires work on how we will achieve this. We will need to pull together a range of skills, experience and links to many other organisations (including the other UK regulators), and this presents us with a unique opportunity to re-appraise approaches and look at how to effectively deliver our shared outcomes.

The Regulators’ Code

The post implementation review of the Regulators’ Compliance Code¹ found that although regulators had largely adopted its principles, its delivery was inconsistent and it had not changed regulatory culture and practice. The Regulators’ Code is designed to address these concerns. It is part of a package of measures to improve the relationship between regulators and those they regulate and to overcome barriers to growth, by improving the way regulation is delivered. The Code states that:

1. Regulators should carry out their activities in a way that supports those they regulate to comply and grow
2. Regulators should provide simple and straightforward ways to engage with those they regulate and hear their views
3. Regulators should base their regulatory activities on risk
4. Regulators should share information about compliance and risk
5. Regulators should ensure clear information, guidance and advice is available to help those they regulate meet their responsibilities to comply
6. Regulators should ensure that their approach to their regulatory activities is transparent

¹ The Regulators’ Compliance Code was drafted in response to the Hampton Review and requires regulators to perform their duties in a business friendly manner. This was first published in December 2007.

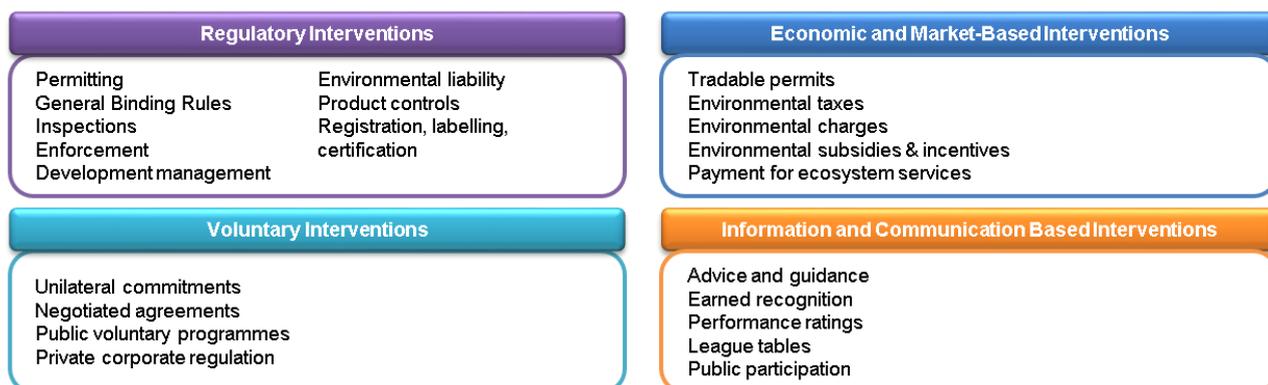
This Regulators' Code is not statutory in Wales, although Welsh Government requires us to have regard to it in discharging our regulatory functions. This was communicated via their policy statement 'Inspection, Audit and Regulation in Wales' published in March 2009.

Our delivery of this Regulators' Code (and the details associated with this) provides a mechanism to deliver a number of our own Regulatory Principles. Therefore, we will adopt the Regulators' Code resulting in this being embedded into our future regulatory approach.

Our "Toolkit"

We already possess a wide range of tools, many of which are based around the legal powers and duties we have. We are also in the process of undertaking enabling pieces of work to enhance this toolkit, including work on charging, our approach to advice and guidance, and our evidence and knowledge management strategy amongst others. There are also proposals contained within Welsh Government's Environment Bill White Paper that provide potentially new tools.

Our work is ongoing on the most appropriate tools, how and where to apply them, and how to understand their effectiveness, but they are likely to be grouped based on the nature of the tools².



Involving others to improve our principles and what we do

We recognise that stakeholders have not yet had an opportunity to comment on our current approach. We have been keen to ensure that we have something in place now that reflects our current purpose and the Regulators' Code.

However, in line with our Regulatory Principles, we will continue to review our Principles and this document to ensure they are fit for purpose. To support this, we intend for this to be a live document. We will proactively engage with those who have an interest in what we do, and how we do it.

² From "Better Regulation Evidence: Topic Area 2 – Choose and design interventions – ER30 Final Summary Report", April 2013, SNIFFER. There are other groupings, including those arising from work involving Defra & Cranfield University Centre for Environmental Risk and Futures. These are grouped as: Direct Regulation, Economic Instruments, Co-Regulation, Information Based Instruments, Civic and Self Regulation and Support and Capacity Building.

Our plan is to be open for comments, views, suggestions and ideas through until the end of March 2015, at which point we will look at the feedback and use this to review and revise our principles and approach to delivery. We will also consider the feedback we receive from the Better Regulation Delivery Office following their review in relation to Hampton Compliance and Regulators' Code in the autumn of 2014.

We will, however, not be tied to this review period in the event that there is feedback that presents an opportunity to more effectively deliver outcomes. We will seek to implement these as soon as is practically possible.

Feedback, comments, suggestions and ideas can be submitted to:
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