

**Natural Resources Wales
Board Meeting
27 February 2013**

Paper Title	Operational Plan including Budget 2013/14
Paper Reference:	Paper 3 (02/13) [E]
Paper Prepared By:	Clive Thomas, Kevin Ingram, Helen Williams
Purpose of Paper:	For the Board to discuss and advise on the draft Operational Plan including 2013/14 Budget
Decision Required:	For the Board to comment on the draft Plan and to agree the next steps for preparation of a final version
Impact:	The Operational Plan directly impacts the environment, the economy and communities via the work that will be taken forward to implement the Plan

Issue

1. Welsh Government has established governance instructions which set out the financial and management frameworks within which Natural Resources Wales should plan and operate, together with the terms and conditions under which Welsh Ministers will provide Grant in Aid. A requirement from 2014/15 onwards will be a full Corporate Plan, approved by Welsh Ministers, then on an annual basis this will be reinforced by the Welsh Government's Remit letter which sets the annual agenda for us to develop an annual Operational Plan.
2. In our first year of operation, we have been required to develop an interim 1 Year Operational Plan that converges the current plans and focus of the founding bodies, along with new Welsh Government priorities and Living Wales Programme commitments into a single plan.

Summary

3. The plan describes the full range of work which Natural Resources Wales carries out to deliver its portfolios, and sets out the specific focus for 2013/14 in accordance with Welsh Government's priorities.
4. The report to the Audit and Risk Assurance Committee (Annex 2) advised that plan is currently over budget. The Board have guided a level of 2 - 3% may be acceptable at the start of the financial year, if supported by a plan to manage this. This is currently focussing on continued scrutiny and challenge on all costs and further in-year mitigation as full financial profiling is undertaken. The Executive will have to continue to make planning choices as a part of the affordability plan to ensure delivery of the transition/ transformation programme which is highlighted as a priority by Welsh Government, and to enable delivery of Natural Resources Wales areas of focus that include the potential pressures identified by the founding bodies.
5. The plan forms the high level steer for the Executive team on work priorities, and provides clarity on what (priorities and targets) they will be accountable for delivering during the year. These form a key part of the agenda for in year performance discussions with Welsh Government.

Background

4. The approach taken to develop the Operational Plan has been to:
 - Require founding bodies to describe "business as usual" priorities and resources.
 - Overlay NRW day one and year one changes established by the Living Wales Programme work streams.
 - Confirm with Welsh Government the baseline Grant in Aid that there are no further new works for delivery in 2013/14 and to confirm funding of all 2012/13 Living Wales Programme costs and EA transitional ICT costs.
 - Review affordability and develop a plan to manage any over-programming.
 - Use the emerging NRW Delivery Portfolios as the framework to structure the Operational Plan.

. **Next Steps**

4. Following Board consideration a revised Operational Plan will require consideration by Welsh Government before a Final version is agreed by the Board in March 2013.

Risks

5. This is an interim plan and focuses on demonstrating delivery of specific priorities together with a small set of targets. If Welsh Government wants more detail or a bigger set of performance information then this will result in managers having to undertake more in year performance management and may result in having less time to focus on the development of the long term Corporate Plan.

Financial Implications

6. The plan will steer year one affordability decisions to ensure funding is allocated to deliver priorities and targets.

Communications

7. The plan will be available to the public on the Natural Resources Wales web site.
8. It will be communicated by the Executive team in briefings to managers and be available to all staff via the Essentials Guide.

Annex 1: The draft Operational Plan 2013 / 14

Annex 2: Audit and Risk Assurance Committee Paper NRW Budget for 2013/14