Natural Resources Wales
Tuesday 27 February - Workshop
Board Meeting – Wednesday 28 February 2013

Minutes

Present: (Board meeting, Wednesday 28 February 2013)
- Peter Matthews, Chairman
- Mike Brooker (MB)
- Hywel Davies (HD)
- Ruth Hall (RH)
- Madeleine Havard (MH)
- Harry Legge-Bourke (HLB)
- Andy Middleton (AM)
- Morgan Parry (MP)
- Nigel Reader (NR)
- Emyr Roberts, Chief Executive (ER)
- Lynda Warren (LW)
- Paul Williams (PW)

In attendance:
- Liz Davis (Executive Director, Natural Resources Wales)
- Ceri Davies (Executive Director Designate, Natural Resources Wales)
- Graham Hillier (Executive Director Designate, Natural Resources Wales)
- Kevin Ingram (Executive Director Designate, Natural Resources Wales)
- Tim Jones (Executive Director Designate, Natural Resources Wales)
- Clive Thomas (Head of Governance and Communications Designate, Natural Resources Wales)

- Helen Williams (Living Wales Programme)

- Rhodri Asby (Welsh Government)
- Andy Fraser (Welsh Government) (AF)
- Matthew Quinn (Welsh Government) (MQ)

- Geralene Mills (Board Secretariat)
- George Jones (Internal Communications)

Apologies:
- Trefor Owen (Executive Director Designate, Natural Resources Wales)

Record of Actions / Discussions / Decisions from Day 1

<u>Communications Readiness (Presentation) - Catrin Hornung</u> 1. ER opened the session and welcomed Catrin Hornung (CH), LWP Communications to the meeting. CH gave an update to the Board on Communications readiness including brand management, website development and social media planning	
<u>Stakeholder Arrangements (Presentation)– Legacy Bodies</u> 2. Presentations were given by TMO for FCW, TJ for CCW and CD for EA detailing the existing stakeholder arrangements in place for each body. RH presented a summary paper (paper A) of the discussions held at the Communities and Stakeholders Board group. The Board concluded that there are 3 levels of engagement for consideration, Board, Executive Directors (national level) and local staff at operational level. The Board agreed there are gaps in existing relationships with academic establishments in Wales and the tourism sector. 3. The Board agreed that the Communities & Stakeholder Board Group engage with Executives to develop stakeholder engagement frameworks for presentation at a future board paper.	**Action Point:** The Board concluded that there was a need to develop a stakeholder engagement strategy during the early months of NRW, highlighting a need to consider • Learning Organisation – NRW will need to review existing arrangements across Wales, use market research concepts • Clear distinction between, Board, leadership and staff levels • Involve staff with TU input • Consider Informal networks • Have consistent approach to representation on external groups .
<u>Role of Board Groups and Champions (Discussion)</u> 4. The Board discussed the proposal and purpose of Board groups and concluded these would provide	

• Expertise around specific topics and would engage with executives in developing policies and strategies • Source of appointing Board champions • Demonstrating to stakeholders how we are developing the foci of the Board 5.The Board agreed the development of Board groups and for the Chair to develop general concepts of responsibilities.	**Action Point:** Chair to create a matrix of skills and experience across the Board.
Board Development Session – Presented by Liz Davis. Observer Jo Carruthers, Academi Wales. 6. LD presented a discussion paper to the Board. LD highlighted • Proposed set of concepts, Annex B • A failure to induct Board members into Board responsibilities is traceable against a failure to deliver • Suggested a requirement for Board members to be formally appraised against a set of objectives • A collective performance review of Board effectiveness, first review around 18 months supported by a coaching/learning programme for the Chair/Chief Executive (CE) • Consideration of channels of communication for Board decisions 7. LD confirmed that discussion at RemCom had concluded a need to develop a Board handbook in order to collect guidance together and to embed the principles for Board performance of learning, reviewing, reflecting and behaviour. 8. The Board concluded a need for 360º feedback from Executive Team and stakeholders, promoting of a learning organisation and a structured appraisal process for Board members. 9. LD concluded the next steps are to: • Work with Academi Wales to develop an overall framework to support a learning Board • Reflect the points made by Board surrounding objective setting, appraisal setting, feedback processes and an appraisal process to be aligned to the Executive Team. • Chair to develop Board objectives based around the remit letter including whole Board and personal Board member objectives before 31st May. • Identify the learning requirements of the Board • Board effectiveness – LD to work with Academi Wales and bring	**Action Point:** Chair to develop Board Objectives based around the remit letter including whole Board and personal Board member objectives before 31st May.

proposal to the Board 10.. The Chair confirmed that he had received a letter from the Minister about increasing the diversity of the Board via future Board appointments. The Board agreed to discuss at a future Board meeting and to participate in any Welsh scheme aimed at developing eligible candidates for appointments to public boards.	**Action:** Discuss at a future Board meeting and to participate in any Welsh scheme aimed at developing eligible candidates for appointments to public boards.

Wednesday 27th February – Board Meeting

Welcome to Board meeting (Agenda Item 1,2) 11. Chair welcomed all to the meeting and highlighted the need to make significant progress on the agenda issues before 1st April. Chair confirmed the safety issues and domestics for the meeting. **Declaration of Interest: (Agenda item 3)** 12. Chair asked all members to declare any interests in relation to the Agenda items to be considered. 13. MH noted that she is currently a member of the Environment Agency Board. NR highlighted the Tripartite protocol he had developed to manage the potential sensitivities which may arise from his involvement with the Boards of Natural England and MMO. ER confirmed that this had been agreed with the Chair and ER. NR suggested sharing the protocol with the sponsoring body. Chair Agreed. 14. The Chair highlighted a need to formally record the current status of the designate Executive Directors as employees of one of the legacy bodies, FCW, EAW and CCW.	**Action Point:** Secretariat to share protocol with WG.
<u>Developing the Organisation – Emyr Roberts</u> **<u>Agenda Items 1, 2,3 (Paper 1)</u>** 15. ER opened his presentation and explained that the work to develop the organisation is continuing at pace. ER gave a presentation to the Board to explain how the organisation was seeking to ensure that there is a 'golden thread' connecting the Welsh Government (WG) Programme for Government through to individuals' personal objectives and job plans in NRW. As part of establishing this link, ER highlighted the need for NRW to align its delivery to support the long term outcomes agreed with WG.	

16. MQ presented the Remit Letter and Framework Document to the Board, paper 1. MQ highlighted the removal of the aspiration statement following discussion with the Chair and ER and confirmed that this component had been worked into the Remit Letter and Framework Document. 17. MQ explained that the Remit Letter will include the grant in aid budget, Ministerial priorities for early actions/opportunities and the longer term benefits (financial and qualitative) that NRW will be expected to achieve. The Framework Document further explained the long-term outcomes as well as the expectations for the relationship between WG and NRW. MQ highlighted that both documents are presented to the Board in draft format with the opportunity to consider amendments before finalising. 18. AF highlighted that the documents are currently with the Minister seeking views and explained that the grant in aid figure had yet to be included in the Remit Letter. AF explained a need to consult with policy teams for input on the Operational Plan which will be NRW's response to the remit for 2013/14 (dealt with later on the agenda). 19. MQ confirmed that figures were not yet in a finalised position for the funding profile and that work was continuing with KI on the benefits realisation figures. . 20. The Board recognised the work undertaken by the WG team and ER agreed to provide draft documents to the Board for comment. The Board sought clarification surrounding the review period of the Framework Document. The Board suggested a need to relax delegation levels following the 2 year probationary period with earned autonomy by NRW. 21. AF confirmed that the principles in the Framework document are standard features for WG sponsored bodies and accepted that some principles were currently closer in format to statements. MQ confirmed that this would be dealt with in the next draft. 22. It was noted that the Business Case was a standalone legacy document and cannot be altered, but its contents can be updated to reflect any relevant developments over the two years since it was formulated. 23. The Board made a number of points of detail on the draft documents, which were noted by MQ and AF... 24. The Chair confirmed that he and ER would be meeting with the Minister on 11th March to review and formalise the documents.	
<u>Organisational</u> Structure (Agenda Item 4)	

25. ER gave an update to the Board and tabled a short presentation on the revised NRW structures based on feedback given at the Board meeting in January. ER confirmed the assurance received from RemCom in respect of the reviewed structures and also that a consistent approach had been made in respect of the Welsh language scheme, reviewing requirement on a post by post basis. 26. The distribution of senior posts across the legacy body staff was discussed. LD confirmed that the size of the legacy bodies and the voluntary early exit schemes which exist in CCW and EA had influenced posts across the senior team and that the impact was being monitored. 27. The Chair concluded that the feedback of the Board at the January meeting had been incorporated but highlighted the issue of the executive lead on Operational Health and Safety. LD confirmed that a Health, Safety and Well-being Committee was being proposed from across the business and a paper would be presented to the March Board meeting. 28. ER confirmed that the responsibilities of the Board in respect of Health and Safety would be clarified within the Board paper for March.	
Separation of Duties (Paper 2) (Agenda Item 4) 29. CT presented paper 2 to the Board and highlighted the varying scale of operations for each of the main roles presented and how the detailed proposition for separation of duties between Directorates had been developed using the earlier principles agreed by the Board in November. The Board reviewed the paper and concluded that the current proposal seemed to be an acceptable and proportionate response and that legal advice should now be formally sought. In respect of the options for a functionally separate unit in respect of strategic environmental assessment the preferred approach was for the same to team to deal with external and NRW generated assessments, from within the Governance team. This option should also be subject to legal advice. Finally the Board advised that case studies demonstrating the process should be presented back to the Board in due course.	**Action Point:** Legal advice to be sought on the preferred high-level separation of duties
Draft Operational Plan 2013 – 2014 (Paper 3) (Agenda Item 5) 30. CT explained that the plan reflected a synopsis of the three legacy rolling plans and the draft Remit letter. CT outlined the rationale for developing a distinct NRW planning framework (clear multi-outcome focused delivery, resilience, integration, balanced portfolios) rather than simply planning delivery aligned exclusively to the long-term outcomes agreed with WG. CT outlined the approach which has been to develop some emerging priorities for NRW based around delivery portfolios against which the legacy body plans and those developed	

by the Living Wales programme have been presented. These priorities will inform the development of a full Corporate Plan that will be used to engage staff and consult stakeholders during 2013. 31. The Chair noted the need for the Plan to clearly state the baseline values against which the targets are proposed 32. Board members agreed that the Draft plan was at the right level and provided a good presentation of the breadth of NRW activity. The documents potential to act as a significant catalyst for staff and stakeholder engagement was highlighted. The Board also recommended a clearer presentation in the next draft as to how the Plan will take forward the 5 key requirements for inherited programmes, functional organisation, remit letter, development of a corporate plan and to remain in budget. 33. The Board agreed that the term Business Plan should be favoured over Operational Plan.	**Action Point:** The Board were asked to send any further specific comments via email to CT before COP Friday 28 February. **Action Point**: CT to revise Plan in line with Board comments and final version for approval to be tabled at March meeting.
<u>Budget Plan (Agenda Item 5)</u> 34. KI provided an update to that Board and explained that the approach had been to budget for the legacy body inherited programmes, and then overlay additional pressures from NRW/transition investment. 35. KI highlighted significant progress since the last update • WG GiA is almost finalised & WG will be able to fund all of the EA ICT costs in 12/13. • Legacy bodies have identified up to £2.5m.of in-year flexibility • The skills gap work has reduced the requirement from 89fte to 26fte. • The cost of EA services rose to £15m but is now nearer to £13m after scrutiny. • An Invest to Save bid to fund a voluntary release scheme has been submitted for £5m. The outcome will be known in early March. • Agreement has been reached with HMT on VAT status and funding adjustments. 36. KI highlighted the following areas yet to complete: ICT costs in 13/14, finalisation of EA service costs and the risk of slippage in 12/13 NRW	**Action point:** Final 2013/14 Budget to be submitted for Board approval at March meeting. Action Point: The Board asked KI to review the Timber income figures and provide details of review at March Board Meeting.

programme costs mainly due to ICT. 37. KI referred the Board to the Budget position tabled and highlighted the summary position as presented that showed a £4.2m deficit. On top of this there are £4.1m of additional bids and contingencies. There is also £2.2m of non-ring fenced reserves that can be utilised 38. The Board also discussed • Income sensitivities - GiA accounts for £108m of the total NRW funding of £177m • EAW charge schemes • FCW income. • EA Pension Scheme contributions	
<u>Scheme of Delegation (Paper 4) (Agenda Item 5)</u> 39. CT presented paper 4 to the Board and explained that the scheme was informed by existing legacy schemes and best practice. The proposal was to establish clear delegation between the Board and Chief Executive and then between the Chief Executive and Executive Directors. 40. The Board discussed what the classification 'Monitor, hold, review' meant in practice and it was confirmed that the delegation to the Chief Executive included the responsibility for developing appropriate scrutiny processes including ensuring that the Board was aware of significant issues that had been delegated .The Board agreed that the Chair and ER would decide when individual projects should be presented to the Board. Strategies and policies will follow the guidance in the Scheme of Delegation. 41. The Chair confirmed that the scheme was sufficient to achieve vesting day and beyond and confirmed that ARAC would review the Scheme over the first year of business. 42. The Board agreed the draft scheme of delegation with the final Scheme to be presented for decision at the March meeting. 43. ER explained that he may be required to sign extension contracts by the legacy bodies moving into NRW. ER sought the Board's agreement pending formal legal confirmation to sign Contracts; the Board confirmed their agreement. 44. The Chair highlighted the tight deadlines to the March Board meeting and sought the Boards agreement for both Schemes of delegation to	**Action:** The Board were asked to send any further specific comments via email to CT before COP Friday 28 February.

be reviewed and agreed with the Chair and the ARAC Chair between 19th and 31st March if required. The Board agreed.	
Strapline 45. The Chair highlighted a need for a strapline or headline pending the response/opinion from Corporate Edge on the strapline suggested by the Chair or presentation of an alternative. The Board discussed and concluded that ER should seek a quick update from Corporate Edge for report back to the March Board meeting.	
<u>Sustainable Development White Paper – Paper 6 (Agenda Item 6)</u> 46. ER explained that the consultation response had been initially drafted by MP and amendments made by the Chair and himself and this should have been reflected in the author stated in the cover paper. The Board discussed the suggested response to be made by NRW. 47. The Board made suggestions for amendment and agreed the Chair and ER would finalise the paper based on the Board discussion and circulate by email to Board Members before COP of Friday 1st March and submit before consultation closes on 4th March.	**Action Point:** ER/Chair to finalise paper based on the Board discussion and circulate by email to Board Members before COP of Friday 1st March and submit before closing on 4th March.
<u>Minutes (MTS 01/13) (Agenda Item 7)</u> 48. The Minutes of the Board meeting held in January were agreed by the Board subject to minor amendments to be made by the Secretariat.	
<u>Matters Arising (Agenda Item 8)</u> 49. CT confirmed that training for all Board members would be provided for SSSI Designation after 1 April. MH will report back to the Committee from FRMW. 50.. The Board discussed the Triennial Review of JNCC. The Chair will attend a meeting with JNCC Chair and CEO on 13 March 51. MH sought clarification for day 1 arrangements for the level of personal responsibility over the vesting period, ER confirmed that written protocol is being developed and will be shared with Legacy body CEOs. 52. ER to follow up with the Programme team regarding the letter to be sent regarding the Dee Conservancy Harbour Revisitation Order	**Action Point:** Secretariat will review dates for FRMW and agenda item. **Action Point:** MP to circulate TOR, ER to discuss NRW response with MQ. **Action Point:** ER to follow up with the Programme team regarding the letter to be sent regarding the Dee Conservancy Harbour Revisitation Order.

Action Log (Agenda Item 9) 53. Chair confirmed that this would be updated post meeting and provide an audit trail for actions raised and discharged by the Board.	
Chair's Update (Agenda Item 10) 54. The Chair confirmed that he had met with the Minister and the Permanent Secretary and both had been productive meetings.	
Chief Executive Update (Agenda Item 11) 55. ER confirmed that considerable progress had been made and that preparations were continuing for vesting day with full communications with staff ongoing. ER confirmed that the Executive Team will be meeting with staff in their respective Directorates and sharing information in preparation for day 1. 56. ER confirmed that he and KI would be meeting the Assembly Finance Committee to following day and that the Committee would be seeking an update on benefits and costs.	**Action**: Chair asked for the Ecosystems approach guidance for staff to be shared with Board members.
Committee and Sub-Group Update **RemCom Update (PW) (Agenda Item 12)** 57. PW tabled the minutes from the January meeting and gave a verbal update of the February meeting. 58. PW confirmed the committee had agreed the interface between ARAC and RemCom. PW explained that the Committee had discussed the work of the Transition Advisory group and that the Committee had concluded that it was expected that this role would reach a natural conclusion around 6 months post vesting with the role moving to normal business reviewed by ARAC. 59. PW explained that the Committee had reviewed and agreed the paper presented by LD in respect of Remuneration for NEDs. PW concluded that LD would present the agreed paper to the Board prior to seeking Ministerial approval. 60. PW explained that significant work was underway by the Transition Team with Niall Reynolds and Richard Ninnes leading. 61. PW concluded that there were 2 outstanding items for consideration by RemCom, a voluntary early release scheme and the Remuneration Scheme for the Executive Team	**Action**: Board to consider NED scheme for Remuneration prior to submission to the Minister
ARAC Update (NR) (Agenda Item 13) 62. NR confirmed that draft minutes from the inaugural meeting would be	

available to the Board at the next Board meeting along with the Terms of Responsibility. 63. NR confirmed that the Committee had been advised of and endorsed the proposed arrangements for the delivery of the NRW internal audit service and explained that this would be led by Martin Veale alongside two further staff members to be appointed; supported by resource contracted by NRW. 64. NR explained that an update had been given by Trefor Owen and Martin Veale of the WAO report on FCW with the details of timelines and accountabilities to be received at the next ARAC meeting in April. 65. NR confirmed the arrangements for the inherited responsibilities of FCW and CCW Annual Accounts sign off. 66. In conclusion NR explained that the Committee had reviewed the success of the meeting as a final task and concluded that the meeting had gone well.	
Communities and Stakeholders Board Group (Agenda Item 14) 67. RH confirmed that the discussion the previous day by the Board had been helpful in respect of Stakeholder engagement. RH highlighted a need to review the "Come Outside" papers produced by FCW and CCW. RH confirmed that she would chair the National Access Forum from the 12 March meeting onwards. 68. The Chair explained that if a representative from NRW to work with the National Trust was required then HD had expressed an interest in being considered.	
Economy and Enterprise Board Group 69. MP explained that the CCW Land use group had met in Aberystwyth earlier in the month and that he had handed over the Chair to HLB who had attended. HLB explained that the next meeting was 9th May and sought the involvement of an Executive Director to address concerns and questions raised at the meeting.	**Action Point**: Identify an Executive Director to support HLB at future Land Use group meetings.
Environment Board Group 70. The Board agreed that issues relating to Fisheries would be dealt with by this Board Group moving forward led by LW. **NRW Response to Consultations** 71. The Board discussed and agreed that all consultation responses would be dealt with by Executives with engagement from the relevant Board Groups and be presented to the Board when considered strategically	

relevant.	
Bright ideas (Agenda Item 15) 72. MP sought the Board's agreement to share the minutes of the NRW Board meetings with the Council members of CCW who had expressed an interest in NRW. This was agreed.	
Future Meetings (Agenda Item 16) 73. Paper 7 (02/13) presented for information to the Board.	
Close	