



Title of Meeting: Board Meeting (Business)

Coed Y Brenin, Dolgellau

Date of Meeting: 17 March 2016

Board Members: Diane McCrea (Chair)
Madeleine Havard (Deputy Chair)
Emyr Roberts (Chief Executive)
Ruth Hall
Andy Middleton
Paul Williams
Karen Balmer
Chris Blake
Howard Davies
Nigel Reader
Zoe Henderson

Executive Team in attendance: Clive Thomas, Director, Governance
Gareth O'Shea, Executive Director, Operations South
Trefor Owen, Executive Director, National Services
Kevin Ingram, Executive Director, Finance and Corporate Services
Tim Jones, Executive Director, Operations North and Mid
Ceri Davies, Executive Director, Knowledge, Strategy and Planning
Niall Reynolds, Transformation Portfolio Director
Ashleigh Dunn, Executive Director, Organisational Development and People Management
Catherine Smith, Director, External Relations and Communication

Secretariat: Geri Mills
Leah Edge
Cassandra Hamblett

Standard Board Business

1. The Chair welcomed the public attendees, Board Members and Executive Team to the meeting. It was noted that this was the first meeting in public for the new Board Members appointed in November 2015. The Chair wished to formally thank the previous Chair and Board Members for their hard work over the past three years. The Chair also noted that this would be Trefor Owen's final meeting before taking up a post with the Forestry Commission in Scotland; Trefor was thanked for his work with NRW and the Board wished him every success in the future.

Apologies for Absence

2. Apologies received from Elizabeth Haywood; Andy Middleton stated that he would be leaving the meeting at lunchtime.

Declarations of Interest

3. Nigel Reader noted for the meeting and for the Board Register of Interest, that he is now a member of the Defra Audit and Risk Committee, through his Natural England Board role. There were no other declarations of interest.

2. Finance Report 2015/16

4. The Executive Director of Finance and Corporate Services updated the Board on the current year financial summary and end of year forecast. It was reported that the likely surplus to carry forward from 2015-16 would be circa £9M to help manage the reduced budget for 2016-17. This is derived from prudent in-year budget management and additional one-off funding from the Welsh Government.
5. The Chair of the Audit and Risk Assurance Committee (ARAC) reflected on the positive end of year position and the sound financial management by the Executive. It was confirmed that the Committee will receive a detailed briefing and will review the final end of year position at the June ARAC meeting, as part of the Annual Report & Accounts exercise. The end of year audit of the accounts by the Wales Audit Office will begin shortly.
6. The Board discussed NRW's financial flexibility to carryover funding between financial years and the challenges this can then pose for budget setting. The Chief Executive reported that the Welsh Government provided written confirmation of the increased carryover flexibility, if the percentage is higher than the Governance Framework threshold.

7. The Chair and Board wished to formally record appreciation to the management teams for excellent budget management and the work to achieve Directorate 'Success with Less' targets.

3a. Business Plan & Budget - 2016/17 NRW B 17.16

8. The Director of Governance introduced the paper and highlighted the key changes to the draft plan based on the Remit Letter alignment and feedback from both Board Members and Welsh Government policy leads. The Chair noted that this is the final annual Business Plan based on NRW's current Corporate Plan 2014-17 and that the framework for the new plans will need to evolve significantly to reflect NRW's new purpose and responsibilities under the Wellbeing of Future Generations and Environment Acts.
9. The Executive Director of Finance and Corporate Services outlined the likely final budget position for 2016/17 based on a 7% reduction of grant-in-aid funding from the Welsh Government, combined with potentially £14M of one-off project funding for the year. £12M of this funding is confirmed, including £3.5M of capital funding for flood risk management projects. Assuming the full £14M is allocated, NRW's opening budget will be £178.4M and Directorate budgets will be set for 1 April to achieve a balanced budget for 2016/17.
10. The Chair of ARAC raised how projects such as Business Area Review could impact the finance cycle, and how this would be managed for the next financial cycle. The Executive Director of Finance and Corporate Services confirmed that if there is any further impact to the 2017-18 budgets, then changes will be confirmed via the Executive Team and the budget will be reviewed periodically by the full Board.
11. The Board discussed the level of ambition within the Business Plan, against the scale of behavioural change required to achieve Well being goals. It was agreed that the review of the Performance Framework as a component of the Corporate Plan 2017-22 is the best opportunity to set out the high level ambition. It was also agreed that the Business Plan should better reflect the high level risks.
12. The Chair summed up the discussion and the Board approved the Business Plan with the addition of the high level risks; the final budget position would be approved at the next Board meeting.

3b. Draft Corporate Dashboard - 2016/17 Paper: NRW B 18.16

13. The Director of Governance introduced the proposed draft Corporate Dashboard 2016/17, in the context of the Board's decision to approve the Business Plan

2016/17 on which the Dashboard is based. The recent skype sessions to advise new Board Members of NRW's Performance Framework were welcomed, as was the opportunity to revise the Framework to reflect the next Corporate Plan 2017-22.

14. The Board was advised that the Performance Sub-group of the Board (Nigel Reader, Ruth Hall and Madeleine Havard) had already provided useful comments on an earlier version of the Dashboard.

15. The Board discussed the proposed Dashboard and provided the following feedback:

- The Good for Business measures and targets should be reviewed to better reflect all businesses in Wales and not just NRW's own enterprise. Other measures, in addition to permitting performance, should be considered to assess NRW's contribution towards 'green business'.
- Although there were fewer 'process' measures on the proposed Dashboard compared to 2015/16, the Board encouraged further alignment to outcomes and the Remit letter.
- A more preventative rather than lag indicator for plant health, was suggested.

16. The Board discussed the importance of the Dashboard for communication and expectation management with stakeholders.

17. The Board approved the framework and Dashboard and delegated the work on outstanding measures and targets to the Executive, supported by the Performance sub-group. The Board suggested that the role and membership of the sub-group be clarified as part of the Corporate Plan 2017-22 development.

ACTION POINT: The Director of Governance to finalise the Corporate Dashboard 2016/17 and circulate to the full Board

4. Developing NRW's Teams and People - Our Strategy (2016-2020) NRW B 19.16

18. The Executive Director of Organisational Development and People Management presented the strategy for approval, which sets out the objectives and actions for NRW's people and teams for the next 4 years. The earlier Board comments on the draft strategy have been incorporated and a high level introduction included. The strategy has been informed by the results of NRW's first People Survey in 2015, and subsequent surveys will help to monitor the impacts of implementing the strategy.

19. The Board agreed that the strategy is focused on the right actions to develop the purpose & direction, leadership and culture to realise NRW's full potential. However, the challenge is how best to take forward the practical implementation by busy middle managers who will be key to success in managing their teams.

20. The Board suggested that the strategy should be communicated in the context of the changes made since the last People Survey, as well as the wider transformation of NRW. Communicating the key messages from the strategy, rather than circulating the full detail with the action plan, along with a high level message from the Chief Executive were proposed by the Director for External Relations & Communications.
21. The Chair confirmed the Board's approval for the strategy and the engagement process that had been used to develop the proposal, including Board and business involvement. The Strategy should be communicated in line with the Board discussion and links made to the forthcoming People Survey for 2016 as part of the implementation.

Action Point: Executive Directive for ODPM and Director of External Relations and Communications to finalise Strategy communications plan incorporating Board discussion points.

5. Equalities Annual Report NRW B 20.16

22. The Executive Director of Organisational Development and People Management presented the report to the Board. It was reported that over 60% of NRW staff have now self-disclosed and it was recognised that this was a significant response rate and provides a rich source of information to support organisational development. The Chair of the Remuneration Committee advised that the Committee had recently considered and endorsed the draft report.
23. The need to consider the full range of staff diversity and not just those with protected characteristics was discussed. The implementation of the two tick system was reported and it was recognised as a positive step for equality.
24. The Chair of ARAC welcomed the report but requested that the Executive Summary be re-drafted to ensure it fully highlights the key messages from the report. This was agreed and the need to improve the evidence base and procedures in support of NRW's volunteer base was also discussed.
25. The Board approved the report for publication, with the proposed changes to the Executive Summary.

6. State of Natural Resources Report (SoNaRR) NRW B 21.16

26. The paper was introduced by the Executive Director for Knowledge, Strategy and Planning and the update report was presented to the Board by Ruth Jenkins, Head of Natural Resources Planning.

27. The Report is required by the legislation to:

- provide an assessment of the state of our natural resources; and
- set out the extent to which the sustainable management of natural resources is being achieved

The focus is an evidence based approach, with an emphasis on data informing future policy. This is a significant difference to previous 'state of' reports which have tended to focus on more straightforward assessment of condition rather than an assessment of sustainable management.

28. The timetable for producing the report was discussed with a proposed first draft in April, to support continued engagement with stakeholders over the data and evidence, and a first draft of the final report due in September 2016. The Board will be asked to review the final version of the report at the July Board meeting

29. The Board commented on the need for a clear Executive Summary, and that stakeholder engagement needs to achieve a balance between consulting widely and expectation management. This balance, along with the challenging timescales, were agreed as the key risks.

30. The Chair summarised the Board's position by highlighting the pioneering nature of this report in a UK context and the work that is involved in producing this key legislative requirement. The Board looked forward to reviewing the final report in July.

ACTION POINT: The Secretariat to note on the Board Forward Look that the near final report will be presented to the Board in July

7. Salmon and Sea Trout Stock Management – Update NRW B 22.16

31. The Executive Director for Knowledge, Strategy & Planning introduced the paper and Pete Gough, Principal Advisor for Fisheries, presented a detailed update to the Board on the evidence base, earlier Board decisions and more recent actions by NRW and others.

32. It was reported that salmon stocks are at their lowest ever level and that 40% of stocks assessed are 'At Risk' or 'Probably at Risk'. It was noted that currently 56,000 rod licences are sold annually, mostly for salmon and sea trout fishing and

although voluntary catch and release programmes have been successful, more is required to protect salmon and sea trout stocks in Wales.

33. The restoration of river habitat as a fundamental requirement was highlighted, especially in the context of climate change reducing the quality of freshwater and marine environments. The recent engagement efforts with fishing groups and rivers trusts were discussed, together with the need for open and honest discussion over the range of measures that are now required. This will need to include the potential to introduce statutory byelaws, as distinct from the current voluntary arrangements.
34. The Board discussed the effects of poaching and predation on overall stocks. There is some evidence that predation can have an impact on already 'at risk' stock levels, whilst poaching has reduced significantly in recent years and is unlikely to be significant. The cross border issues were highlighted and the need to work in partnership both in Wales and across the border to England.
35. In summary, the Chair highlighted that the range of measures proposed and the good understanding of the issues was reassuring, although the overall position for salmon and sea trout stocks is of serious concern.

8. Chief Executive Report NRW B 23.16 NRW B 24.16

36. The Executive Director of Organisational Development and People Management presented the Wellbeing Report.
37. The new system for recording accidents and near misses was highlighted, as was the new system for recording sickness. Although there has been an increase in the reporting of near misses, it was noted that it is still too early to say whether there is an element of under-reporting in some areas, as staff get used to the new systems.
38. It was noted that Karen Balmer has been appointed as the Wellbeing, Health & Safety lead for the Board, and Zoe Henderson as the Equality and Diversity lead. Both are members of the Remuneration Committee in support of these roles.
39. The Chief Executive formally noted that based on the largely positive report by the Wales Audit Office (WAO) on NRW's probationary period, the Minister has recently confirmed that the organisation is through probation. The Chief Executive wished to thank the whole organisation for this very positive outcome. The WAO's value-for-money report 'The development of Natural Resources Wales' had also been positive. The Board confirmed that ARAC would periodically monitor NRW's response to the recommendations in the reports.

40. The Chief Executive had completed the final staff engagement session since the last Board meeting and it was confirmed that approximately 900 staff had attended the sessions in total.

9. Report from Committees, Minutes & Matters arising

41. The minutes from the January 2016 Board meeting were approved as a true record, with several minor amendments.

42. The action points from January were reviewed, and the Executive Director for Knowledge, Strategy & Planning updated the Board on the Charge Payers Scheme 2016/17.

Remuneration Committee - Paul Williams (verbal)

43. The minutes presented with the Board papers for previous meetings were ratified by the Board. A brief summary of the agenda from the recent meeting (3 March) was also provided.

44. The Chair of the Committee formally thanked Ruth Hall for her service to the Committee and welcomed Karen Balmer and Zoe Henderson who have now been appointed to the Committee. Induction sessions had been arranged and it was confirmed that Karen Balmer would now sit on the Pensions sub-committee.

45. The Terms of Responsibility for the Committee had been amended slightly but a more fundamental review was now proposed, to consider the Committee's role in the Transformation agenda and whether the title of the Committee should be changed to reflect its broader remit.

Audit & Risk Assurance Committee – Nigel Reader (verbal)

46. The minutes presented with the Board papers for previous meetings were ratified by the Board. A brief summary of the agenda from the recent meeting (3 March) was also provided.

47. The Chair of ARAC formally thanked Andy Middleton and Madeleine Havard for their service to the Committee and welcomed Karen Balmer and Chris Blake who have now been appointed to the Committee. Both had attended induction sessions prior to their first Committee meeting.

48. It was noted that the Wales Audit Office had agreed a reduced fee for the auditing of NRW and this was expected to continue to decrease.

Flood Risk Management Wales – FRMW Chair - Madeleine Havard (verbal)

49. The Deputy Chair and Chair of FRMW reported that FRMW's final meeting will be held in St Asaph on 20 May, prior to the new arrangements set out in the Environment Act being implemented by the Welsh Government.

Protected Areas Committee

50. The PAC committee has not met since the previous Board meeting.

51. It was noted that the National Access Forum had met and that Howard Davies was now a member.

10. Forward Look and AOB

52. The Director of Governance gave a verbal update on the Forward Look and the revised schedule for Board meetings.

53. The Chair confirmed that the Board had been written to by a charity called Animal Aid, protesting against shooting leases on land managed by NRW. The Chair read out a formal statement sent out from the Board to Animal Aid.

54. The Chair invited any other comments from the public attendees and several confirmed how useful it had been to attend the meeting.

55. The Chair closed the meeting by thanking the Executive Team, Secretariat and others who had supported the arrangements for the Board meeting.

56. The Board concluded by undertaking a review of the meeting in closed session