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Naturiol
Cymru
Natural
Resources
Wales**

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Natural Resources Wales' Response to the Welsh Government Consultation to inform the development of the Natural Resources Policy

We welcome the opportunity to contribute to the development of the first statutory Natural Resources Policy (NRP). The policy will play a critical role in shaping the work of NRW as we continue to transform our organisation to embed the new ways of working defined in the Welsh legislation.

The Policy is central to the preparation of Area Statements led by us but underpinned by collaboration with partners and stakeholders across Wales. It will also inform our corporate and business plans in the years ahead. We have welcomed involvement in the various stakeholder events run by Welsh Government to inform the development of this national policy.

The referendum result changes the strategic context within which this policy must operate. We believe that the Welsh legislation, enshrined in the Well-being of Future Generations (Wales) Act (2015) and the Environment (Wales) Act 2016, provides a strong foundation to build:

- the resilience of our natural resources and ecosystems;
- strong and healthy communities, protected from hazards such as climate change, flooding and poor air quality; and
- a green economy supporting viable incomes for families across Wales.

To realise this ambition, it is critical that all sectors across Wales break from their traditional silos, and look for opportunities to build new alliances and networks. We are committed to playing our part through:

- actively seeking out opportunities to build new approaches through our role on Public Services Boards, challenging the status quo to maximise the collective contribution across the Well-being Goals;
- leading the preparation of Area Statements, actively reaching out to partners and stakeholders to build joint evidence on the risks and opportunities in a particular place

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and together identifying the priorities to be taken forward through the work of NRW and others;

- sharing our evidence, information and expertise with partners to define the challenges and jointly build solutions which maximise the contribution across the Well-being Goals;
- working with other regulators to ensure that the new ways of working to deliver wider public benefits are fully recognised, for example the role of the water industry in supporting changes to land management; and
- leading discussions with sectors on applying the new ways of working in practice, discussing any implications for regulation and the potential use of experimental powers.

This will be at the heart of NRW's Well-being Objectives which will be published on 31st March in our Well-being Statement and new corporate plan which will be published in summer 2017.

We have set out our full response to the consultation document in Annex 1. The legislation states that Welsh Ministers must draw on the evidence in SoNaRR in the preparation of the Natural Resources Policy. We recognise that this consultation document provides a line of sight to most of the opportunities and issues reported in SoNaRR. In finalising the first statutory Natural Resource Policy, we believe there are a number of issues to address:

- making a more explicit link to the marine environment and the Wales National Marine Plan, including the priorities for the sustainable management of the marine resources set out in SoNaRR and the Wales Marine Evidence Report;
- to create a co-ordinated fit-for-purpose funding model for SMNR that is owned by all stakeholders, not just by Welsh Government or NRW;
- giving a clear commitment to developing Payment for Ecosystem Services schemes that will support delivery of SMNR outcomes, with a clear statement of the role of Welsh Government and NRW in supporting such schemes;
- making a clear commitment for the policy intent to be tracked through into changes in supporting advice and guidance across a range of sectors. It would be helpful if the NRP could set out the Government's policy intentions and the supporting timeline for this work. We believe this is particularly critical in terms of water company resource and investment planning, development planning guidance, and wider land management and land use, especially forestry; and
- making a clearer distinction between the "what", "why", "how" and "with who" when describing the challenges and priorities to facilitate the development of Area Statements which need to focus on providing the supporting evidence base and creating the networks that can help to develop spatially relevant, joint solutions to these challenges as appropriate. This clearer distinction would also help to clarify the roles of other organisations and therefore provide an imperative for organisations to engage in the

area statement process, either as evidence providers, or as customers / users of the information.

We, collectively across the Welsh public, private and third sector, are at the start of the journey to further the sustainable management of natural resources. If we are to realise the opportunities identified in SoNaRR we need to build trust, rapport and understanding between sectors to find the “collective space” where we can build joint solutions which address the shared challenges we all face. It will undoubtedly be challenging. Welsh Government needs to facilitate this step change by supporting, encouraging, and incentivising conversations through and across sectors. This must start with a joined up policy approach across Government departments, stated in the statutory Natural Resource Policy, where competing or conflicting priorities are resolved at source.

If you or your team need any further information or support in finalising the statutory NRP, please do not hesitate to contact Ruth Jenkins or Sarah Williams.

Yours sincerely,



Emyr Roberts

Prif Weithredwr / Chief Executive
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Annex 1: NRW response to the consultation to inform the development of the Natural Resources Policy (WG29897)

SoNaRR: An assessment of sustainable management of natural resources

The first statutory SoNaRR was published by NRW in September 2016. It looks at the pressures on natural resources and ecosystems and how we are managing them. It covers the whole of Wales, including Welsh seas to 12 nautical miles. It does this from three perspectives:

- looking at the environmental status of both natural resources and ecosystems (extent, condition and trends) and then, from that assessment, highlighting where the resilience of ecosystems is compromised;
- looking at relationships between ecosystems and the benefits they provide for Well-being. This will help society to understand what is potentially at stake and where opportunities may lie; and
- looking at the ways in which the use and management of natural resources are regulated. To assess whether they are currently being managed sustainably or unsustainably, and identifying “systems failures”. This is where management and human activity have created or are continuing to create negative ecosystem impacts, which present risks for future generations. This will help to identify mechanisms to work with or improve to achieve sustainable management.

The legislation states that Welsh Ministers must draw on the evidence in SoNaRR in the preparation of the Natural Resources Policy. We recognise that this consultation document provides a line of sight to most of the opportunities and issues reported in SoNaRR. Nevertheless, we believe the NRP needs to make a more explicit link to the marine evidence set out in SoNaRR and the Wales Marine Evidence Report, which identified a number of priorities for the sustainable management of the marine environment. In particular, we feel that the role of marine and coastal tourism and recreation and aquaculture need to be considered more fully.

We hope that partners and officials in Welsh Government will have used the time since the launch of the Natural Resources Policy consultation to more fully reflect on the evidence in SoNaRR. We believe that the policy opportunities identified in SoNaRR are the best chance of building the resilience of ecosystems and optimising the benefits for Well-being. These are:

- increased green infrastructure in and around urban areas, (including urban trees and sustainable drainage);
- increased woodland cover and more existing woodlands brought into appropriate management to deliver multiple benefits;
- coastal zone management and managed realignment;

- working within whole catchments to manage nutrients, and maintain, enhance and restore floodplains and hydrological systems;
- better soil management for carbon storage, water quality and continued food production.
- better utilisation of our uplands (mountains, moorlands and heaths) to deliver multiple benefits;
- integrated management of marine ecosystems through a plan-led system that facilitates better understanding of the benefits of marine natural resources and optimises their use

Through the Roundtable debates and consultation events, we recognise there is a cross-sectoral consensus emerging around the importance of the “Welsh Brand” of a high quality environment underpinning the production of top quality Welsh produce be it lamb, beef, fish or timber. These products could be marketed on the basis of a proven sustainable production model, taking into account animal welfare, plant health, worker health and safety and the sustainable management of natural resources. In this context, the promotion of nature-based solutions could help to substantially underpin the “Welsh Brand”. The Natural Resource Policy needs to signpost the central importance of forging this strong policy, driving integration between environmental quality and food markets. The food sector needs to be encouraged, through the Natural Resources Policy and other Government levers, to work with food producers and purchasers to define and support the creation of a single coherent standard for agriculture that drives sustainable management of natural resources.

In addition, there is a real desire to seek opportunities to encourage health professionals to prescribe use of the outdoors as a way of tackling the in health and social care issues such as the rise in obesity and poor mental health across the Welsh population.

Drawing on the evidence in SoNaRR and using the new Welsh legislation we believe there are now real opportunities to build policy interventions that drive innovative SMNR outcomes. The time is right to start exploring in more detail the kinds of policy interventions which can:

- support profitable and viable businesses across the rural economy where the wider public benefits from sustainable management of natural resources are clearly associated with market value;
- develop a “once in Wales” environmental standard, that sets the performance requirements for all land management sectors in delivering SMNR;
- continue to work on developing a “one-stop-shop” advice service to land managers, which builds on the work already being done under Farming Connect and that builds on the evidence in SoNaRR and in time Area Statements;
- support science and technology to consider different ways of producing food, energy and minimising wastes in the future that support sustainable management;

- support the development of new and innovative products and getting them to market more quickly;
- review public procurement procedures and mechanisms to ensure that the public sector can use its purchasing power to procure Welsh products, especially wood, for schools, hospitals, care homes and prisons. There is a real opportunity for the public sector to optimise its contribution to Well-being by buying produce sustainably grown within Wales and thereby support viable businesses which value and apply the principles of SMNR; and
- refresh centrally defined performance targets for the health and social care sector, to incentivise approaches which are preventative and long-term and thereby encourage health professionals to prescribe outdoor activities which maximise the benefits from natural resources.

There are a range of tools that could support these type of outcomes including the regulatory floor, government funding and behavioural change that together provide the push-pull motivations to move us to where we need to be. NRW is committed to working with all sectors to look at new ways of working with them, including how we regulate and make use of our new experimental powers. As we potentially move away from a settlement where grant in aid (GIA) and subsidy is the primary driver, careful thought needs to be given to how these other mechanisms, some of them novel, can integrate with one another to create a coordinated fit-for-purpose funding model for SMNR that is owned by all stakeholders, not just WG or NRW. A clear expression of the need for such integration would be helpful in the NRP.

Payment for Ecosystem Services (PES) schemes were highlighted in the Natural Resources Policy Statement (2015). We would welcome a clear commitment to developing PES schemes as part of the NRP. This will help to support delivery of SMNR outcomes, as would a clear statement of the role of Welsh Government and NRW in supporting such schemes.

Re-alignment of other areas of Welsh Government Policy

We recognise that the NRP is the first step in aligning Welsh Government policies to the outcomes sought for the sustainable management of natural resources. We would expect the policy intent to be tracked through into changes in supporting the provision of advice and guidance across a range of sectors. It would be helpful if the NRP could set out the Government's policy intentions and the supporting timeline for this work. We believe this is particularly critical in terms of Water Company resource and investment planning, development planning guidance and wider land management and land use.

Water Company resource and investment planning

Water Companies are not classed as public bodies under the Environment Act. We recognise their work to explore innovative approaches, including their work with land managers, as well as the support provided by them to NRW in the development of the Area Statement process and our ongoing work to streamline and simplify existing environmental planning processes. The Welsh Government Guiding Principles for Developing Water Resources Management Plans (WRMP's) for 2020 April 2016 draws the attention of Water Companies' to the principles of SMNR and requires that WRMP's should demonstrate how they have taken into account the Welsh Government's priorities, principles and policy commitments set out in the Well-being of Future Generations (Wales) Act (2015). More generally, NRW are encouraging Water Companies to demonstrate these in the development of their 5 year plans for the periodic review of Water Prices in 2019 and in the development of their long term strategic plans. In developing their investment plans, in addition to meeting their environmental obligations, we want them to consider the multiple economic, social, cultural and environmental services for people, wildlife and the wider environment provided from our natural resources and ecosystems.

NRW will facilitate Water Company engagement with public services through our role on Public Service Boards to help them to realise existing, and seek out further, opportunities and secure commitment from others to ensure that they are delivered. Public services can benefit from their engagement and collaboration in return. We see real benefits here, particularly in enhancing understanding of how economic development is planned alongside strategic investment in sustainable water, sewerage and drainage infrastructure that improves local environments and supports communities. Further guidance to companies on how they should work with PSBs and respond to Area Statements would be helpful.

Development planning guidance

The changes put forward in the Environment (Wales) Act 2016, have yet to be incorporated in the development planning guidance that is currently available. Planning Policy Wales (PPW), the Local Development Plan Manual, Advice Notes and guidance should be updated to provide further clarity to Local Planning Authorities (LPAs) and those involved in the planning process (both development planning (policies and plans) and development management (application/site level)). Without this change the situation is likely to form a significant barrier to the sustainable management of natural resources and the implementation of the NRP.

There should be clear links at the strategic planning level between natural resource management and development planning policy. The Environment (Wales) Act 2016 has gone some way towards this, by amending the Planning and Compulsory Purchase Act 2004 to ensure that LPAs "must have regard to" an Area Statement when preparing local

development plans (LDPs). Similar links would be welcome at the national level between the NRP and the National Development Framework and between the NRP and Strategic Development Plans.

In the interim period and until Area Statements are published; NRW will endeavour to work with relevant parties and the WG to understand the type of additional information, which can be feasibly and usefully captured within Area Statements to make a meaningful contribution to deliver sustainable development through the development planning system. Within this context, the NRP will play a key role in ensuring that Wales can benefit from the significant opportunities that the better management of our natural resources can provide in parallel with addressing the clear challenges we face.

Wider land management and land use

There is a fundamental issue around land management that needs to be addressed in the NRP. By inference, delivering more sustainable land management requires an ‘extensification’ of land use (to accommodate more nature based solutions) whilst the expectation remains that we continue to produce the same amount (or value) of timber or food or even increase output (green growth – see box 1). There will clearly be a need for compromise at least in the short term, recognising there may be a need to intensify elsewhere or accept elements of reduced supply, until such time as we find the more optimal solutions. How we use the land and sea, to support green growth needs to recognise the areas of change needed if we are to deliver SMNR. In developing policy, Welsh Government needs to consider what its fundamental policy objectives are and how they inter-relate and complement each other in driving SMNR outcomes. Policy choices must be explicit so that all delivery agencies, the private sector and communities are aware of the intended outcome. It would be helpful if the NRP could address this area particularly where NRW has a specific role in managing or regulating natural resources such as forestry, agriculture and water.

The Natural Resource Policy: Defining the risks, opportunities and priorities

We recognise the challenge in setting out specific thematic areas for the sustainable management of natural resources (SMNR) where the policy intent is to take an integrated approach. We believe it is critically important that the NRP recognises that the shift to the sustainable management of natural resources will drive change in the use and management of our natural resources on the land and sea. The NRP needs to support this change.

The definition of each of the themes is important and whilst the consultation does try to explain what each theme means, there is a risk that the definitions will not “land” with some sectors and therefore act as a barrier to them engaging in discussions about the opportunities for their sector. As an example, the green growth theme could be interpreted

as not offering any SMNR opportunities for the forest sector as the theme is defined as limiting the use of virgin material. A broader definition of green growth should be encouraging use of timber (substitution) alongside opportunities to maximise the circular economy.

The three themes must be seen as complementary and work together to support SMNR outcomes. We suggest it would be helpful to further refine the three broad themes so as not to confuse the objective of SMNR (what we need to achieve) with the principles of SMNR (how we achieve it through ways of working), and green growth – which is integral to both. For example, the theme in relation to “Delivering nature-based solutions” sets out a range of potential opportunities – such as better soil management and increased green infrastructure. When considering these opportunities there will be a need to consider “improving community and individual Well-being by taking a place and landscape-based approach” – as well as opportunities which might facilitate the “acceleration of green growth...” It is important that these themes work as a holistic package and are not looked at in isolation (see text box 1).

In order to stimulate activity around three themes its essential that the statutory NRP sets out some of the specific opportunities and priorities which Government, business, third sector and public sector bodies might work together to address. But we must guard against being too prescriptive or “solution focussed”, to avoid stifling innovative and creative SMNR opportunities which inadvertently are ruled out from consideration.

In line with the Well-being of Future Generations (Wales) Act 2015 five ways of working, it is critical that each priority is “defined” or “framed” in the right way to really look at the root causes of the problem and the system change required. We suggest that each priority and opportunity is framed more as an “exam question”. There needs to be a stimulus which then supports people coming together to develop innovative, joint solutions.

There needs to be a clear recognition of what the current barriers are to building the resilience of our ecosystems so they can continue to support Well-being now and in the future – and creating the conditions to develop alternative delivery models – applying the principles of SMNR. Challenges exist because it is easier to take short-cuts, or comply with the legal minimum. Behaviour change linked to the objective of SMNR requires making the right thing to do the easiest option. This will require changes in funding models, Government Policy, legislation and regulation. NRW is committed to using the new experimental powers where appropriate to facilitate new models of regulation and delivery – but this will need to be prioritised and targeted.

Box 1: Timber availability, green growth and nature-based solutions

Seizing the opportunity to restructure monoculture coniferous growing stock at felling is at the heart of the UK's approach to sustainable forest management (UK Forestry Standard) and is changing the characteristics and productivity levels of the Welsh forest resource. A broader range of tree species increases resilience to disease and response to climatic change. Preliminary estimates for the areas of clearfell identified at 2006, indicate around 51% was returned to conifer, 18% to broadleaves, 23% was un-stocked transition woodland and 8% was permanent open space (priority open habitat types such as deep peat and creating riparian zones). The restoration of Plantations on Ancient Woodland Sites is likely to lead to a loss of at least 10% of currently forecasted softwood volumes. However, this needs to be considered against the long-term forecasted availability of timber in Wales (and Britain as a whole) which is predicted to continue to increase until the 2030s, but then fall significantly to below the current level with demand outstripping supply.

Green growth requires integrated activity in both the supply and demand chains that use, manage and add value to a natural resource. Green growth in the forest sector requires action to tackle the lack of new productive woodland creation. Levels of contemporary new woodland creation are very low, of small average size and predominantly of native broadleaves targeted for carbon benefit largely to off-set agricultural emissions and environmental improvements on farms in hedgerows, field margins and in-field shelterbelts for water quality, biodiversity and amenity. These woodland types will not compensate for productivity losses due to restructuring of the existing forest resource and nor will it meet the aspiration to increase woodland area to 20% by 2030. Policy support and investment confidence is low for the creation of new mixed or coniferous woodlands more capable of maintaining or increasing the productive capacity of the wider Welsh woodland resource.

Furthermore, stimulating demand for sustainable timber requires local networks. For example, recently in partnership with WoodKnowledge Wales, Powys County Council have launched a Wood Encouragement Policy that seeks to promote the sustainable use of locally sourced timber in construction and development. This aims to improve resilience and the benefits derived from natural resources and create local employment opportunities by using wood as a sustainable construction material.

These examples just illustrate how the three “themes” cannot be considered in isolation but need an integrated approach working across sectors.

Theme: Accelerating green growth by increasing resource efficiency, renewable energy and supporting innovation

Green growth is applicable to all sectors regardless of their dependency on terrestrial, freshwater or marine ecosystems or whether projects are supported on brownfield sites or support growth of ‘blue’ or ‘green’ infrastructure – as long as they follow the principles of SMNR. Further clarification on the scope of the “green growth” theme would be helpful in terms of providing a clear line of sight from SoNaRR, through the National NRM policy and into the forthcoming Area Statements.

Green growth is dependent on the realignment of WG policy frameworks with the NRP as stated above - particularly critical in development planning guidance and other land use change decision making – and the regulatory changes linked to this. It would be helpful if this theme was to clearly express the relationship between land and sea use, land use change, and the improved flow of benefits from our natural resources. We consider that this theme should include not only resource efficiency but also tackle resource change. For example, finding space in which to create new woodland, as highlighted in SoNaRR.

Whilst green growth incorporates topics such as resource efficiency, it remains unclear whether this heading can be used to explore solutions to the problems of diffuse and point source agricultural pollution as well as promoting more effective use of both nutrients and pesticides (see Text Box 2 for an example). Whilst water pollution is mentioned under the nature-based solutions theme, not all of the relevant issues can be addressed under this heading.

Box 2: Innovative slurry management

Focussing on innovative slurry treatment systems could help develop a sustainable approach to utilising the large quantities of nutrients now produced on dairy, intensive beef and poultry farms. Large quantities of manure/ slurry are difficult to transport over long distances, but treated inert nutrients could be traded more easily - potentially replacing some of the bagged fertilisers now being purchased by many upland farms.

In partnership with the Department of Economy, Science and Transport, NRW has utilised Innovation techniques and Rural Development Programme funds to see whether the private sector can approach the problem of slurry management from a new direction. The chosen approach involves passing slurry through a reactor to deliver an inert dry fraction for use as a fertiliser whilst the liquid fraction is returned to the slurry store. A prototype slurry reactor has been deployed at Coleg Sir Gaer in Carmarthenshire and the focus has now shifted to overcoming the remaining technical issues so that the prototype can be adapted for commercial use on a range of typical farms across Wales.

Theme: Delivering nature-based solutions to improve resilience and the benefits derived from natural resources

In essence this theme requires changes to the management and use of our land-based, freshwater and marine natural resources. Management choices that follow the principles of sustainable management of natural resources, are likely to be more or less nature-based in principle. It is important not to prescribe the solutions at the outset, as this may curtail innovation and rule out opportunities. Applying the principles of SMNR will drive this outcome.

There is also a risk that by focussing only on “nature-based solutions” nature becomes “segregated” from rural businesses and other land uses such as forestry and agriculture. SoNaRR has shown how resilient ecosystems are at the heart of Well-being and all seven of the Well-being goals and action is required by everyone.

There are potential unintended consequences of such a focus on nature based solutions. From a flood risk perspective, the NRP appears to focus purely on the natural elements and opportunities for natural flood risk management. The NRP must also be mindful to reflect the range of activities undertaken by flood risk management authorities and the range of actions needed in order to reduce the risk of flooding to people, properties & infrastructure. Reducing the risk and consequences of flooding will never be achieved from natural interventions and land management changes alone. We support a greater emphasis on a catchment management to deliver multiple benefits, including for flood risk in appropriate locations. There are however legislative requirements and national flood risk priorities that must be met when undertaking flood risk management activities. Ideally, the NRP should reflect these basic requirements (such as Capital Funding (GiA) restrictions) that may impede or limit the ability to facilitate landscape scale solutions.

Theme: Improving community and individual Well-being by taking a place and landscape scale approach

This theme provides the approaches we must take to achieve green growth and better management of our natural resources by building consensus at place that adds up to improvement that is felt both locally and nationally. For example, we recognise the role that designated landscapes can play acting as hubs, working beyond their boundaries to develop greater connectivity and landscape resilience.

However, it is important to try to avoid any pre-conceptions about *what* the solutions might be – this can limit innovation, and opportunities may be narrowly defined or miss important considerations about addressing issues in a holistic way. Likewise care needs to be taken around *where* solutions might be found (e.g. setting a scale first). Issues cannot necessarily be resolved by a landscape scale or place-based approach *alone* – there are likely to be national / global and more localised factors at play too. Applying the principles

of SMNR in the thought process, will help to draw out the appropriate scale at which to address these challenges. Other factors such as the historic and cultural association that have helped shape the landscape can also shape and add richness to the proposed solution – in turn encompassing the opportunities for maximising community and individual Well-being.

Role for Area Statements

We suggest it would be helpful for the development of area statements if the NRP made a clearer distinction between the “what”, “why”, “how” and “with who”, when describing the challenges and priorities. Area statements need to be able to focus on providing the supporting evidence base and creating the networks to help develop spatially relevant, joint solutions to these challenges as appropriate (the “where”). This clearer distinction will also help to clarify the roles of other organisations and therefore provide an imperative for organisations to engage in the area statement process, either as evidence providers, or as clients / users of the information.

We, collectively across the Welsh public, private and third sector, are at the start of the journey to further the sustainable management of natural resources. If we are to realise the opportunities identified in SoNaRR we need to build trust, rapport and understanding between sectors to find the “collective space” where we can build joint solutions which address the shared challenges we all face. It will undoubtedly be challenging. Welsh Government needs to facilitate this step change by encouraging, cajoling and incentivising conversations through across sectors. This must start with a joined up policy approach across Government departments, where competing or conflicting priorities are resolved at source.