

Agenda

Title of meeting: NRW Board Meeting Day 2 - Public Session

Date of meeting: 28th January 2022 **Time of meeting:** 9.30-16.10

Venue: **Microsoft Teams:**

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[+44 29 2105 5545,,596034920#](#) United Kingdom, Cardiff
Phone Conference ID: 596 034 920#

Observers:

Time	Item
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9.30
(5 mins)

1. Open Meeting

- Welcome
- Declaration of Interests
- Explain conduct of meeting

Sponsor and Presenter: Sir David Henshaw (Chair)

Summary: To NOTE any declarations of interest.

9.35
(5 mins)

2. Review Minutes and Action Log
2A. Review Minutes from Public 18th November meeting
2B. Review Public Action Log

Sponsor and Presenter: Sir David Henshaw (Chair)

To APPROVE the minutes of the previous meeting and the action log.

9.40
(10 mins)

3. Update from the Chair

Sponsor and Presenter: Sir David Henshaw

Summary: To NOTE the Chair's update to the Board.

9.50
(20 mins)

4. Report from the Chief Executive

Sponsor and Presenter: Clare Pillman, Chief Executive

Summary: To NOTE the current position and update the Board on key activities.

Paper ref: 22-01-B20

**10.10
(30 mins)**

5. Update Report of Committees

Sponsors and presenters: Committee Chairs

Audit and Risk Assurance Committee – 16th December

Paper ref: 22-01-B08

Evidence Advisory Committee – 18th January

Finance Committee – 7th December

Paper ref: 22-01-B09

Flood Risk Management Committee – 13th January

Paper ref: 22-01-B21

People and Remuneration Committee – 10th December

Paper ref: 22-01-B10

Protected Areas Committee – no meeting held

Summary: To NOTE the updates from the Board committees, both within and outside of any meetings held.

**10.40
(20 mins)**

6. All Together – NRW's Diversity and Inclusion Strategy

Sponsor: Prys Davies, Executive Director of Corporate Strategy and Development

Presenters: Steve Burton, Head of People Management; Julia Allen, Lead Specialist Advisor, Human Resources; Lyn Williams, Specialist Advisor, People Management

Summary: To APPROVE All Together – NRW's Diversity and Inclusion Strategy

Paper ref: 22-01-B11

**11.00
(15 mins)**

Break

**11.15
(20 mins)**

7. NRW People Strategy

Sponsor: Prys Davies, Executive Director of Corporate Strategy and Development

Presenter: Steve Burton, Head of People Management

Summary: To APPROVE the NRW People Strategy

Paper ref: 22-01-B12

**11.35
(30 mins)**

8. 3Ps (People, Planet and Prosperity) and Social Value Update

Sponsor: Sarah Jennings, Executive Director of Communications, Customer and Commercial

Presenter: Elsie Grace, Head of Sustainable Commercial Development; Vernon Lambert, Procurement Manager

Summary: To NOTE a presentation introducing the 3P (People, Planet and Prosperity) approach, followed by a verbal update on Social Value in Procurement.

Presentation

**12.05
(45 mins)**

9. Update on Tree Health including a Presentation on *Phytophthora pluvialis*

Sponsor: Ceri Davies, Executive Director of Evidence, Policy and Permitting

Presenter: Andrew Wright, Senior Specialist Advisor, Plant Health; Dominic Driver, Head of Land Stewardship

Summary: To NOTE a presentation on the recent outbreak of the tree disease *Phytophthora pluvialis* in the context of a wider update on tree health matters.

Paper ref: 22-01-B13

**12.50
(5 mins)**

10. Proposed changes to the Statutory and Legal Scheme (SaLS)

Sponsor: Clare Pillman, Chief Executive

Presenter: Colette Fletcher, Head of Governance and Board Secretary

Summary: To APPROVE the proposed changes to the Statutory and Legal Scheme (SaLS) from the Regulatory Business Board

Paper ref: 22-01-14

**12.55
(60 mins)**

Lunch

**13.55
(60 mins)**

11. Outcomes from Strategic Discussions

Sponsor: Ceri Davies, Executive Director of Evidence, Policy and Permitting

Presenters: Ruth Jenkins, Head of Natural Resource Management Policy; Nadia de Longhi, Head of Regulation and Permitting; Mark Squire, Sustainable Water Manager

Summary: To NOTE the themes and actionable outcomes that have been raised at previous strategic discussions at Board.

Presentation

**14.55
(20 mins)**

12. Welsh Government Framework Document

Sponsor: Sir David Henshaw

Presenter: Colette Fletcher, Head of Governance and Board Secretary

Summary: To APPROVE the new Framework Document between NRW and Welsh Government.

Paper ref: 22-01-B15

**15.15
(15 mins)** **Break**

**15.30
(5 mins)** **13. Board Forward Look**
Sponsor: Sir David Henshaw
Presenter: Colette Fletcher, Head of Governance and Board Secretary

Paper ref: 22-01-B16

**15.35
(5 mins)** **14. AOB**
For approval by correspondence:
a) **Counter Fraud Strategy**
 Paper ref: 22-01-B17

b) **Internal Drainage Districts Budget**
 Paper ref: 22-01-B18

For information by correspondence:
c) **Update on Area Statements**
 Paper ref: 22-01-B19

End of Public Board meeting

**15.40
(30 mins)** **15. Public Q&A Session**

16.10 **Close Meeting**

Unconfirmed Minutes

Title of meeting:	NRW Board Meeting – Public Session All Attendees via Microsoft Teams
Date of meeting:	18 th November 2021
Present Board Members:	Sir David Henshaw, (Chair) Clare Pillman, Chief Executive Prof Steve Ormerod, Deputy Chair Karen Balmer (until 12pm) Catherine Brown Geraint Davies Paul Griffiths Zoë Henderson Prof Calvin Jones Mark McKenna Dr Rosie Plummer Prof Peter Rigby
Present Executive Team Members:	Rachael Cunningham, Executive Director of Finance and Corporate Services Ceri Davies, Executive Director of Evidence, Policy and Permitting Prys Davies, Executive Director of Corporate Strategy and Development Sarah Jennings, Executive Director of Communications, Customer and Commercial Gareth O'Shea, Executive Director of Operations
Additional Attendees Present:	Colette Fletcher, Head of Governance & Board Secretary (All items) Caroline Hawkins, Corporate Planning, Performance & Strategic Assessment Manager Item 5 Sioni Davies, Advisor, Corporate Planning & Performance Item 5 Sarah Williams, Head of 2050 Vision and Corporate Strategy Item 5 Charlotte Morgan, Wellbeing, Health and Safety Manager Item 6 Dominic Driver, Head of Land Stewardship Item 7 Ieuan Williams, Senior Specialist Surveyor Item 7 Stuart Lyon, Senior Specialist Lawyer Item 7 Sian Williams, Head of North West Wales Operations Item 8 Mark Squire, Sustainable Water Manager Item 8 Ben Wilson, Principal Advisor, Fisheries Item 9 David Mee, Lead Specialist Advisor, Freshwater Fisheries Management Item 9
NRW Observers:	Catrin Hornung, Head of Communications and External Relations Item 7, 8 Meinir Wigley, Integrated Communications Team Leader Item 7, 8 Martyn Gough, Senior Officer, Communications Engagement Item 7 Sophie Gott, Technical Specialist – Fisheries Item 9

Public Observers: Dr Rachel Hodson, Plant Health & Environmental Protection Branch (PHEPB)
Steve Griffiths, BASC Wales
Rachel Evans, Countryside Alliance
Kim Davies, Monmouthshire Housing Association
Additional member of the public

Declarations: Zoe Henderson – Member of the Countryside Alliance
Geraint Davies – Member of the Game and Wildlife Trust
Prof Steve Ormerod – Vice President of RSPB

Apologies: Julia Cherrett
Karen Balmer (from 12pm)

Secretariat: Jocelyn Benger
Natalie Williams

Item 1. Open Meeting

1. The Chair opened the meeting and welcomed everyone. Declarations of interest were made as noted above.

Item 2. Review Minutes and Action Log

2A. Review Minutes from Public 23rd September meeting

2. The minutes from the public September meeting were reviewed and agreed.

2B. Review Public Action Log

3. The action log was reviewed and updates provided.

Item 3: Update from the Chair

4. There had been a move towards a hybrid model of working in line with Welsh Government (WG) regulations, and this had proved successful so far.
5. NRW had attended the Conference of the Parties (COP26) in Glasgow and COP26 Regional Roadshows, and would be participating fully in Wales Climate Week from 22nd November.
6. An update was provided on the ongoing Green Recovery work. A meeting with Ministers had taken place, and the Group would focus on the main priorities going forward.
7. The Chair and Chief Executive would be meeting with the Minister and Deputy Minister to discuss current issues.

Item 4: Update Reports of Committees

8. Catherine Brown as the Chair of the Audit and Risk Assurance Committee (ARAC) updated the Board on the meeting held on 15th October. The paper was taken as read, although it was noted that there was a change to the planned approach to inviting Committee Chairs to the next meeting. More information would follow on this and it was confirmed that 16th December could be released from diaries.

9. Peter Rigby as Chair of the Evidence Advisory Committee (EAC) provided a brief summary of the meeting held on 7th October. A full update had been provided to the private session of the Board meeting but it was noted that the Committee was going very well and offered invaluable advice to NRW, and considered a range of issues including making data and evidence available.
10. Sir David Henshaw as Chair of the Finance Committee (FC) noted that work was ongoing and the next meeting would take place in December.
11. Geraint Davies on behalf of the Chair of the Flood Risk Management Committee (FRMC) updated the Board on the meeting held on 12th October. The paper was taken as read. Paul Griffiths and Prof Calvin Jones had been welcomed onto the Committee. The capital programme work at Llyn Tegid and the deep dive discussions on the Full Business Cases for projects at Ammanford and Stephenson Street, Newport were highlighted. It was noted that negative feedback had been received by an Internal Drainage District Board and work was ongoing with them to resolve issues.
12. Dr Rosie Plummer as the Chair of the Protected Areas Committee (PrAC) updated the Board on the meeting held on 5th October. The paper was taken as read. Howard Davies had been thanked as the departing Chair, and Mark McKenna was welcomed onto the Committee. Future meetings were due to consider some substantial issues, which would include considering the integrated designated landscapes programme, looking at the landscape assessment across Wales, and in particular, the potential for the new national park. The Protected Sites Delivery Programme would also be scrutinised. Legal training had been arranged for 13th May 2022 in relation to governance standards and all Board members were invited to attend. It was confirmed that the session would be recorded and a summary circulated. The 30x30 work was clarified as the international proposal that each country should give a particular level of protection to 30% of its land and sea area. Debates were ongoing as to what areas should qualify for biodiversity protection.

ACTION: The Chair requested a summary report from each Committee for future public meetings.

Item 5: Business Plan and Performance Dashboard Quarter 2 Report

Attendees: Caroline Hawkins, Corporate Planning, Performance & Strategic Assessment Manager; Sioni Davies, Advisor, Corporate Planning & Performance; Sarah Williams, Head of 2050 Vision and Corporate Strategy

13. The Chief Executive gave an overview of NRW's attendance and involvement at the recent COP26. Although there was a level of disappointment at the outcomes from the COP negotiations, Wales' and NRW's involvement with other attendees had been very positive. NRW representatives had worked hard with sister nature conservation and environmental protection organisations to showcase their work and this had received a high level of interest. Young people were well represented, especially from Wales, and were engaged and articulate. It would be important to involve them in the Natur a Ni/Nature and Us programme. Moving testaments were presented by people from other countries who were experiencing real climate change. The Nature Day received a lot of interest and sessions were held on nature-based solutions. Thanks were offered to the Lead Specialist Advisor, Climate Change & Decarbonisation, the Senior Specialist Advisor, Media Communications, and the Executive Director of Evidence, Policy and Permitting for their hard work.
14. The Wales Climate Week was highlighted, which would bring some of the COP to Wales. The Chief Executive would be involved in the initial session with the Minister for Climate Change, Sophie Howe, and Lord Deben. NRW would be involved in sessions through the

week. The Wales Action Plan for the Recovery of the Curlew would also be launched during the Wales Climate Week.

15. The challenge on funding for delivering on the aspirations and needs was recognised. The outcome of the Baseline Review was the subject of deep discussion with WG on the budget going forward. There would be a need to work together with WG officials about priorities. The next Budget and Remit Letter would feed into the Business Plan and the new Corporate Plan. The five strategic priorities were shared.
16. The Chief Executive presented an overview of the second quarter performance update from July to the end of September, plus the latest news on some of the indicators. Thirty-four Performance Dashboard measures which had been previously agreed by the Board were reported. The Red Amber Green (RAG) status was reported as two Red, eight Amber, and 24 Green. The paper was taken as read but the following items were highlighted.
17. The 'Glastir Woodland Grant Scheme' and the 'Area of new woodland created on the NRW Estate' were rated as Green. These were currently in the spotlight and were noted as going well. The 'Actions undertaken to restore Welsh peatlands' was proceeding well and additional funds were being sought for next year.
18. 'Deliver remaining water related investigations and develop updated River Basin Management Plans' was rated as Red. The same staff dealing with this issue were noted as also addressing the Special Area of Conservation (SAC) river issues. This would be carefully reviewed and reported next time. 'Progress to reduce pollution from metal mines' was noted as Amber but strong programme management was being put in place.
19. 'Response to incidents' was rated as Amber. Performance was noted at 89% against the 95% target. This had been discussed in detail at the private Board meeting and work was ongoing on this issue. 'Make payments on time' was rated as Red. Temporary staff had been recruited to get this back on track.
20. The Covid Renewal programme had been slowed following updated Covid guidance and the further roll out of the hybrid working trials would be delayed.
21. Board members considered the content of the report. The reduction of the performance target on water related investigations was questioned. Reassurance was provided that the reduction was to help manage the target, looking at the wider work on water quality over a longer-term period. Board members commented on the implication of a lack of resilience in this area. The Executive Director of Evidence, Policy and Permitting updated the Board on the deep dive on target setting planned for the Executive Team meeting in November, after which a considered proposal would be presented to the Board.
22. Board members offered their thanks to the NRW team for their representation at COP. The use of the measures to reflect on what NRW were doing and achieving was discussed. The importance of hope and agency to make a difference had been highlighted at COP.
23. Concerns were raised over the Red rating on the measure of making payments on time. The background to this issue was provided, which was mainly due to the level of sickness within the team. Board members questioned the 30 day response period under normal conditions and further clarity was requested on this issue.

ACTION: The Executive Director of Finance and Corporate Services to provide Board members with the background information on the delays to making payments.

Item 6: Wellbeing, Health and Safety

Presenter: Charlotte Morgan, Wellbeing, Health and Safety Manager

24. The Executive Director of Corporate Strategy and Development introduced the item and noted that the Wellbeing, Health and Safety (WH&S) Strategy 2021-24 had been scrutinised by the People and Remuneration Committee (PaRC) and the WH&S Committee.
25. The Wellbeing, Health and Safety Manager updated the Board on the incidents that had taken place on the NRW Estate, including the recent fatality. A Serious Incident Review (SIR) had been opened and paused while awaiting the outcome of the Coroner and Police investigation. The Land Managers were contacted to check whether any immediate action was needed but nothing was indicated. This had been noted for the records.
26. Board members reflected on the content of the report and raised the issue of the importance of job design on work-related mental health issues. The response to this issue by providing welfare services was noted but it would be key to consider the work environment that created the pressure on mental health. It was requested that the Executive Director of Corporate Strategy and Development produce a paper on job design and how this related to mental ill health, and the steps that could be taken to improve this issue. A more substantive discussion on this issue was requested. The Executive Director of Corporate Strategy and Development confirmed that this had been discussed in the context of the Baseline Exercise around resourcing and expectations. A session on burnout had been run for staff and 250 people had attended. It was recognised that many organisations were dealing with similar issues. The WH&S Manager would be attending the WH&S Forum to consider what could be done to support staff. The link to Workforce Planning would be key for considering future pressures.

ACTION: The Executive Director of Corporate Strategy and Development to produce a paper on job design and the relationship to mental ill health, and the steps that could be taken to improve this issue.

APPROVED: The Wellbeing, Health and Safety Strategy 2021-24

Item 7: Trail Hunting on the NRW Estate

Presenters: Dominic Driver, Head of Land Stewardship; Ieuan Williams, Senior Specialist Surveyor; Stuart Lyon, Senior Specialist Lawyer

27. The Executive Director of Evidence, Policy and Permitting welcomed the members of the public who had joined the meeting to hear the discussion on this item. The context for the item for decision was set out and the background information was provided as noted in the paper. The Executive Team (ET) had considered the options for NRW's response, in light to the guilty verdict handed to the Director for the Masters of Fox Hounds Association (MFHA), at the ET meeting on 19th October 2021. ET recommended that the licencing of trail hunting on the NRW Estate should not be renewed in view of the increased resources that would be required to ensure compliance with legal requirements and the consequent costs to NRW of that increased oversight. Correspondence had been received from the Minister for Climate Change to inform that WG believed that NRW should consider a permanent ban on trail hunting on the Welsh Government Woodland Estate.
28. A full discussion on conflicts of interest in relation to this matter had taken place at the private session of the Board meeting on 17th November 2021. Following consideration, it

was agreed that although Board members held a variety of declared interests, there were no interests of sufficient weight that required Board members to be excluded from the debate.

29. Board members asked whether there was any evidence on the financial impacts and potential effects on community wellbeing and recreation opportunities if a ban on trail hunting on the NRW Estate was imposed. It was noted that this issue was considered in the Equality Impact Assessment (EqIA) and the paper. The proposed ban would cover the NRW Estate not the whole of Wales, and therefore, although there would be some impact, this was likely to be small.
30. Board members noted the strength of feeling of those for and against trail hunting and described their own level of experience in this area. The options presented in the paper were considered. The value of trail hunting to the Welsh community was highlighted and it was argued that the conviction of one member of the MFHA should not result in the loss of amenity for all trail hunters. Concerns were also expressed about the possible increased predation of ground nesting birds due to the incremental erosion of the system for predator control in the countryside. It was explained that licenced predator control under strict conditions was a separate matter, covered by an agreement with a different organisation and not affected by this decision.
31. Option C in the paper on running a Sustainable Management of Natural Resources (SMNR) Review of the activity was considered. However, it was recognised that there remained a risk of illegal activity and this, combined with an unfavourable cost benefit and increased resource requirement, prompted several Board members to consider that the trail hunting licences should not be renewed. It was also felt that resources should be prioritised towards the climate and nature emergencies.
32. The Chair summarised the discussion and requested that Board members re-declared their interests as noted above. A private vote was taken on the options presented in the paper. The Chair declared the result as ten Board members in favour of the recommended option of not renewing the agreement with MFHA and not to give permission for hunts to use the NRW Estate for trail hunting. Two Board members voted against the recommended option, favouring instead the continuation of trail hunting via one of the other options that would allow this. There were no abstentions.
33. The Chair invited Rachel Evans of Countryside Alliance, attending as a member of the public to speak. She expressed disappointment at the decision and questioned the level of engagement on the matter.

APPROVED: To not renew the agreement with MFHA and to not give permission for Hunts to use the NRW Estate for trail hunting if they apply to NRW. NRW would also stop providing permission for access only arrangements on the NRW Estate as this was managed under the same agreement.

Item 8: Storm Overflow Roadmap Update

Presenters: Sian Williams, Head of North West Wales Operations; Mark Squire, Sustainable Water Manager

34. The Executive Director of Operations gave an overview of the current position on the ongoing work to address water quality issues with the partner organisations of Ofwat, WG and the water companies in Wales. The Roadmap had not yet been signed off by the partner organisations and was therefore not available for presentation at the meeting. The Baseline Review had highlighted the difficulties in the resourcing in this area. The storm overflows issue would be considered in the context of the broader water quality work

within Wales. The Head of North West Wales Operations had been redirected from her role in order to focus on the development of a framework on the wider water quality issues.

35. The Sustainable Water Manager gave a presentation on the progress and recommendations of the Better Water Quality Taskforce set up to develop the response to the impact, regulation, and efficiency of the storm overflows on the sewage network. This would investigate the issues, consider current monitoring, and develop long term improvement programmes, including engagement with stakeholders. Work with the Consumer Council for Water (CC Water) would take place to provide the customer perspective and some of the evidence base.
36. The overarching objective was shared, highlighting the aim to reduce spills, while continuing to provide protection from flooding. The Roadmap for storm overflows was described, which would feed into the wider water quality roadmap for improvement. This included a list of recommendations and the pathway to improvement. The next steps to be achieved by February 2022 were shared, which included the development and agreement of the action plans. The recommendations were shared for addressing visual impacts, the effectiveness of the network, the development of an improved monitoring programme, and stakeholder and customer engagement.
37. Board members discussed the content of the paper and presentation. The emphasis on communication and engagement with customers was welcomed, particularly around encouraging understanding of the impacts of items placed into the sewage system. It was recognised that there was a high level of public appetite to address the issue of storm overflows and it would be important to build on the momentum to take forward the work to address the wider water quality issues. Board members highlighted that the public material on this matter would need to be accessible, and provide more specific details, particularly around the measurement of impacts.
38. Resourcing was discussed, particularly in relation to monitoring. The work on the strategic review of charging was highlighted in response to this. It was noted that more information would be needed on the amounts of sewage present alongside the prioritisation process to monitor quantities of other water pollutants such as microplastics, pharmaceuticals and bacteria. The agricultural sector's agreed ambition to eliminate slurry spills was highlighted and it requested that the evidence gathered should not be used to blame other sectors. The announcement by the Environment Agency and Ofwat of an inquiry into English water companies' sewage treatment was noted. The investment in monitoring and the resulting data was highlighted and it was recognised that it would be important for NRW to liaise with partner organisations on this matter, particularly in relation to apportionment. It was noted that NRW was in discussion with WG on this matter and was part of a Flows to Full Treatment Working Group in Wales.

ACTION: A briefing session on water quality issues to be offered to new Board members.

Item 9: Statutory Fisheries Byelaws

Presenters: Ben Wilson, Principal Advisor, Fisheries; David Mee, Lead Specialist Advisor, Freshwater Fisheries Management

39. The Executive Director of Evidence, Policy and Permitting introduced the item and provided the background to the item for discussion.
40. The Principal Advisor, Fisheries gave a presentation to support the information already provided in the paper. The data on salmon and sea trout decline over the decades and the 2020 stock assessments were shared. Anecdotal evidence described the rod catches

on the Wye and the Usk as the lowest ever seen and net catches for sea trout were described as well below the long-term average. An overview of the need for the new byelaws was provided and the salmon and sea trout plan of action was shared. Engagement with local fishery groups was described and the focus of their concerns on water quality, land use, and predation was highlighted.

41. Board members considered the responses to the consultation and queried the method used for the statistical comparisons. The Principal Advisor, Fisheries, clarified the response process and the level of responses received. The level of detail and content from the consultation and the effort put into the engagement activity was praised by Board members. It was suggested that this could be used as an exemplar.
42. It was questioned whether relevant land management issues could be addressed ahead of the start of the transition to the Sustainable Farm Management Scheme in 2025. The Principal Advisor, Fisheries, updated Board members on some of the work already in progress, such as the Fisheries River Habitat Assessment in collaboration with the Rivers Trust, delivering habitat schemes and addressing barriers to fish migration. The Lead Specialist Advisor, Freshwater Fisheries Management, provided an overview of the Salmon and Sea Trout Plan of Action and the work being done with the Wales Fisheries Forum on this. The work on the North Atlantic Salmon Conservation Organisation (NASCO) five-year implementation plan was also described.
43. Board members acknowledged the shocking statistics on the reduction in stocks of salmon and sea trout and paid tribute to the team for their work. The recommendations in the paper were endorsed for application to WG.

ENDORSED: An application to Welsh Government for confirmation of new byelaws for rod fishing for salmon and sea trout on the Rivers Usk and Wye in Wales (of eight years' duration).

ENDORSED: An application to Welsh Government for confirmation of new byelaws for rod fishing for salmon and sea trout on the River Severn in Wales (of ten years' duration).

Item 10: Statutory and Legal Scheme (SaLS) Amendments

Presenter: Colette Fletcher, Head of Governance and Board Secretary

44. The Head of Governance and Board Secretary provided an overview of the SaLS amendments and confirmed that these had also been approved by the Head of Legal Services and the Chief Executive.
45. The Chief Executive highlighted the Substantial audit opinion that had been received on the SaLS. The Chair of ARAC thanked the team for their efforts in this key area.

APPROVED: Amendments to the Statutory and Legal Scheme (SaLS)

- Board meeting closed -

Item 11. Public Q&A Session

46. The Chair invited questions from the public.
47. Rachel Evans of the Countryside Alliance asked if there would be an opportunity to review the decision on trail hunting and if so, then she would like the opportunity to engage on

this in an open manner. The Chair confirmed that this would be discussed with the Chief Executive and a response provided.

ACTION: The opportunity for the public to engage on trail hunting in the future to be considered and a response provided to Rachel Evans.

- Public Meeting closed -

Board Meetings										
Action No.	Meeting Category	Meeting Date	Item No	Para No	Paper Sponsor	Action	Owner	Due	Status	Notes/Updates
9	Public	26/11/2020	6	20	Prys Davies, Director of Corporate Strategy and Development	ACTION: Executive Director of Operations to discuss with Head of North East Wales Operations having a future discussion with the Board on the 4-hour limit on incidence response.	Gareth O'Shea, Executive Director of Operations South	23/03/2022	Ongoing	Added to the list of potential strategic discussion items, Place presentations, Evidence sessions and site visits. Suggest this is the strategic discussion item for the Sept Board meeting and we delay the theme wrap up on previous strategic discussions to accommodate. Added to Forward Look for November. To be considered as part of the item on Place Presentation cross-cutting themes, moved to March 2022 Board
10	Public	26/11/2020	8	31	Gareth O'Shea, Executive Director of Operations South	ACTION: Head of South West Operations to provide a note to the Board on new innovations/ technologies/ ways of working used that have helped the operations teams during Covid.	Gareth O'Shea, Executive Director of Operations South	20/12/2020	Ongoing	Updated requested 13/07/2021 Update requested 02/09/2021 Update requested from Martyn and Gareth 22/10/21. Update requested 16/12/21
24	Public	24/03/2021	4	10	Clare Pillman CEO	ACTION: Secretariat to canvass availability for a Board Development Day in July to focus on reflection and future challenges post-Covid.	Secretariat	07/07/2022	Ongoing	The Chair has confirmed that Board Development Days to be on hold until face to face meetings are possible. Next Board Development day scheduled for 07/07/22.
81	Public	23/09/2021	6	12	Clare Pillman CEO	ACTION: A timeline to be provided to Board members for SoNaRR product availability on the website.	Sarah Jennings Executive Director CCC Catrin Hornung, Head of Communications & External Relations	01/11/2021	Completed	Catrin has discussed this action with Steve Ormerod and Chris Collins and has confirmed that the SONARR pages on the website are complete, while recognising that it is an iterative process and that things will change.
83	Public	23/09/2021	6	14	Clare Pillman CEO	ACTION: Summary paper on forestry and timber issues to be provided at the next Board meeting.	Sarah Jennings Executive Director CCC	23/03/2022	Ongoing	Strategic discussion now planned for March Board.
98	Public	18/11/2021	4	9	Sir David Henshaw	ACTION: The Chair requested a summary report from each Committee for future public meetings.	Board Secretariat	25/11/2021	Completed	Added to Board Forward Look standing items
99	Public	18/11/2021	5	23	Clare Pillman CEO	ACTION: The Executive Director of Finance and Corporate Services to provide Board members with the background information on the delays to making payments.	Executive Director of Finance and Corporate Services	15/12/2021	Completed	Information sent to Board members by email on 20/12/21
100	Public	18/11/2021	6	26	Prys Davies Executive Director CS&D	ACTION: The Executive Director of Corporate Strategy and Development to produce a paper on job design and the relationship to mental ill health, and the steps that could be taken to improve this issue.	Executive Director of Corporate Strategy and Development	04/03/2022	Ongoing	Included on Forward Look for March PaRC
101	Public	18/11/2021	8	38	Gareth O'Shea Executive Director Ops	ACTION: A briefing session on water quality issues to be offered to new Board members.	Head of North West Wales Operations	15/12/2021	Completed	Briefing has been offered on 24/01/22 to the new Board members.
102	Public	18/11/2021	11	47	Sir David Henshaw	ACTION: The opportunity for the public to engage on trail hunting in the future to be considered and a response provided to Rachel Evans.	Chief Executive	15/12/2021	Completed	

Board Paper

Paper Title:	Chief Executive's Report
Paper Reference:	22-01-B20
Paper Sponsored & Presented By:	Clare Pillman, Chief Executive

Purpose of Paper:	To provide the NRW Board with the latest position on strategic, operational and internal issues within NRW.
Recommendation:	For Discussion

Report Format

This is the first of a new style of reporting the Chief Executive's items. The full report, including official sensitive items, will come to the private day's board meeting where sensitive items will be discussed. All other discussion should take place on the public day, where an edited and translated version of the report, minus the sensitive items, will be available to the public.

Introduction

1. Once again, the last couple of months has been dominated by the Baseline Exercise and budget discussions with Welsh Government. These are now entering the 'crunchy' phase but should mean that by March, we should have an agreed list of priorities set out in a Term of Government Remit Letter and an annual budget letter which will include indicative funding for the next two years.

Senior Staff Recruitment

2. We have engaged Odgers to start the external recruitment process for filling the role of Head of Organisational Development – this will be advertised later this month.

External Engagement

3. With Wales Climate Change Week following hot on the heels of COP26, colleagues from across NRW participated in many of the thought-provoking sessions, with the Communications team working closely with Welsh Government (WG) to ensure a strong presence in key climate discussions. I spoke alongside the Minister as she launched the event and participated in a panel discussion on distributed leadership.

4. Within the restrictions at the time, it was wonderful to be able to go to the Royal Welsh Winter Fair and see so many colleagues and partners in person. NRW was ably represented by staff from across the organisation, and the promotion of our regulatory role was supported by the launch of the dairy project videos and the hazardous waste compliance campaigns. I attended the Hybu Cig Cymru breakfast event and met with senior representatives from the Farmers' Union of Wales (FUW), National Farmers' Union (NFU), Country Land and Business Association (CLA), and Confederation of Forest Industries (Confor).
5. In December, I met the outgoing Children's Commissioner, Sally Holland and the new Chief Executive of the UK Landscapes Institutes, Sue Morgan. I also met the new Chair of the National Infrastructure Commission for Wales, Dr David Clubb and Dr Nerys Llewelyn Jones, the Interim Environmental Protection Assessor for Wales. Dr Andrew Goodall, Welsh Government's new Permanent Secretary and I met in mid-December to discuss his priorities for the role, and how we could support him in his ambitions for a one-Wales public sector. I have also held meetings with Andrew White from the National Heritage Lottery Fund, and with Claire Doherty of Collective Cymru and Marc Rees from National Theatre Wales.
6. Colleagues attended an online panel on Marine issues at the Climate Change, Environment and Infrastructure Committee on 9 December, ahead of the Annual Scrutiny Session with the same Committee on 20 January where David, Ceri and I will give evidence. I also met separately with Committee members Delyth Jewell MS and Jenny Rathbone MS, and with Jane Hutt MS on constituency issues.
7. In January, I met Wales Environment Link and the leaders of the National Parks in Wales, as well as the Chief Executives of Natural England, Nature Scot and the Joint Nature Conservation Committee. I also met the new Chair of Universities Wales, Professor Elizabeth Treasure, and will shortly meet with Leader of the Welsh Local Government Association (WLGA), Cllr Andrew Morgan.

Renewal

8. The Fleet and Facilities Management restructure, including the appointment of other posts key to Renewal, is progressing well. When Covid restrictions go back to level zero, we will reconsider implementing the hybrid office and home working trials to include more offices and staff and review our home / flexible working policies, with a view to formal changes later in 2022. The new desk and meeting room booking system has now gone live, with the initial feedback being very positive.
9. The Renewal Board continue to take relevant decisions and undertake actions alongside the Strategic Incident Response, Recovery and Review Group that has been stood back up as a result of the changing Covid alert levels. The Tactical

Response Group continues to meet regularly to ensure any new Covid-related issues are captured and addressed.

10. The interim Project Manager for the Fleet workstream is continuing to enable the work to move forward at pace to deliver fundamental change in this area. Work also continues to drive forward in the Space workstream, with all of the Place-based teams actively engaged in drawing together their proposals. The aim is to publish the strategy in early Quarter 1 of 2022/2023.
11. Leadership Team, Management Team and Team Leaders continue to engage to support the integrated approach across the organisation and to further disseminate communications for the programme, and work continues on the baseline for Carbon and Financial costs to measure against targets to be determined on the publication of the Space and Travel Strategies.

Communications

12. November communications activity was dominated by NRW's presence at COP26, the regional roadshows and Wales Climate Week. We continued the promotion of the multi-agency Nature Positive report and NRW's nature-based solutions projects as part of the Inter-Agency Climate Change group stand at COP26 in Glasgow and by working with the Joint Nature Conservation Committee (JNCC) to develop our website presence. We also supported senior colleagues taking part in panel sessions throughout the event with a digital communications campaign.
13. The decision to ban trail hunting on the Welsh Government Woodland Estate (WGWE) was, as expected, high profile and of interest to the public, media and stakeholders. Working closely with the Land Management team to develop a strong communications plan, we achieved widespread positive coverage of the decision on a local and national basis and extensive reach and positive engagement on social media. We also achieved significant coverage from the promotion of pollution and fly-tipping prosecutions.
14. We continue to embed the climate emergency messages through our winter preparedness communications. We worked in partnership with the Met Office to highlight the importance of preparing for a wet winter and to promote the digital services on our website.
15. We also dealt with continued media and Freedom of Information (FOI) queries on several issues including the outcome of the Llynfi pollution investigation, felling operations, water quality and pollution incidents, and the 'I'm a Celebrity, Get Me Out of Here' series.

16. A team flood exercise was also held during November to test our team processes for incident communications and to give newer team members a safe environment to practice and gain experience. This has helped us tweak procedures and has given team members confidence in advance of winter months and likely flood events.
17. We take advantage of social trends and this year devised a Christmas campaign where the Elf on the Shelf was pictured with various teams across Wales, giving us the opportunity to highlight some of our work in a more light-hearted way. This was warmly received both internally and externally.

Digital Strategy

18. Taking direction from the Digital Strategy for Wales, NRW's new Digital Strategy will focus on designing and delivering services around the needs of those who use them. We've been consulting with teams to help shape the new strategy. In the sessions with Business Boards, teams and an all-staff webinar we've had positive feedback and input to start formalising a delivery plan. The final strategy and delivery plan is due to go to NRW Board in March 2022.

Working with the Centre of Digital Public Services

19. We are working with the Centre of Digital Public Services (CDPS) to look at how we improve our hazardous waste service. This is the first 'demonstrator project' for NRW, where we are working to the new digital standards for Wales.
20. By bringing in experts in user-centred design and delivery management to work closely with NRW experts, they are conducting a detailed discovery into the current service, and how to improve it, before moving into alpha in the next few weeks. The project has already conducted research with both external and internal users of the hazardous waste service. The team are holding fortnightly show and tell sessions (open to all) to demonstrate how they are working. Keep an eye out for blogs on the CDPS website and NRW social media channels.

Strategic Issues

Colliery Tip Safety Task Force

21. A Welsh Government (WG) Summit in February 2020 established a Colliery Tip Safety Task Force. As NRW manages sites itself, and has a key technical, assessment and permitting role on any proposed remediation works, it has a seat at the Task Force.
22. WG tasked the Coal Authority (CA) to both identify all Welsh colliery tip sites and develop consistent risk assessments for them. This work has recently finished, and maps of the sites have been made available to NRW. Amongst the 2,500 colliery tips identified across Wales there are 327 higher risk sites, of which around 80 are

in the highest risk category. Works have already started on some of the higher risk sites such as at Tylorstown and NRW has been assisting this work and providing consents.

23. At the Wattstown site, a very visible slip in early 2021 caused concern in the local community. Working with the CA, Rhondda Cynon Taf, NRW staff have assisted the timely remediation of the site. The experiences gained have helped develop a "Protocol" between NRW, WG, Local Authorities and the CA. A workshop introduced staff to the approach. It is expected this will enable early engagement on the higher risk sites so that works can commence and conclude quickly.
24. For NRW managed sites, we are adopting the newly developed tip risk assessment. The accompanying mapping undertaken by CA has identified 398 sites split into 238 tips wholly within our ownership/management and a further 160 where part of a tip is on land that we manage (including on Natural Nature Reserves - NNR's). Our ten highest risk sites are being reassessed against this new risk criteria to assess what immediate additional works need to happen to remediate risk. We have a programme of remediation underway co-ordinated via the Land Stewardship Team and Operations staff.
25. Throughout this work we raised awareness that colliery assets are just one of several legacy industrial sites that pose a risk to the environment and people. This has been recognised and we continue to push to expand the work on colliery assets (mapping, risk assessment) to cover mineral mining (slate, metals) opencast extraction and quarrying. During the last 18 months NRW has dealt with spoil heap slips on quarry waste on the WGWE and imminent mine water blow-outs on private land through our metal mine remediation programme.

Wales Agricultural Bill and future Sustainable Farming Scheme

26. A White Paper on a future Agriculture Bill was published last year and had the full backing from NRW. The new Sixth Senedd has asked for the Bill to be brought into its year one legislation programme. To do this will require key components of the Bill to be dropped and hopefully picked up later.
27. We have written to WG outlining the risks associated with dropping key components and confirming our support to deliver as much of the original Bill aspirations as possible. We have also engaged with Officials to offer our support as we believe some issues are essential to deliver the proposed Sustainable Farming Scheme (SFS).
28. The implementation of new approaches to farm payments and land management provides the best opportunity to re-think land management policy and public funding of land use and land management for a generation. To maximise this opportunity

Wales needs to adopt a progressive integrated approach for land encompassing both agriculture and forestry.

29. In our role as an Advisor to Welsh Government we have engaged with WG to provide timely technical input on a wide range of topics and policy issues to support their thinking. These have been developed through the five principles developed with the sector (these include a mix of regulation, voluntary measures, advice and guidance, financial investment, standards and market involvement and innovation).
30. Through an internal programme we field questions and flag issues to WG through a “Single Voice” approach. This gathers the questions posed by WG and draws in views from NRW experts to develop one authoritative response. We are also conducting seminars on specific topics, drawing in NRW staff to exchange knowledge and understanding to deliver a rounded “Single Voice” response to WG.
31. We have fed back a detailed, evidenced report to WG outlining the results of this work to support their SFS development. Our next step is to move from the “what do we need to do” stage to the “How we do it” component.

WG Trees and Timber Deep Dive

32. A recent Ministerial-led Deep Dive has set a challenging programme of 39 recommendations to maximise woodland expansion and the use of sustainable wood products in industry. The quality and timeliness of NRW’s input was recognised by the Deputy Minister. Work has started to deliver these issues at pace, with NRW responsible for delivery of several recommendations and supporting others. Staff are also working on the groups charged with overseeing the programme.
33. NRW is using the opportunities presented by the Deep Dive to deliver nature-based solutions and combat the climate and nature emergencies. This requires commitment from across NRW to deliver the maximum benefits from woodland creation whilst avoiding the pitfalls that could undermine this aspiration. This will require additional work to align delivery within the organisation (where there is a potential for conflict over the appropriate land use) and deal with perceived and actual barriers to woodland creation and tree planting. Aligning this work with that on our Area Statements will help. We also need to deliver the evidence and mapping, the policy and regulation steers along with the delivery aspects. Currently there is much to be done.

Two new professional members of the Institute of Chartered Foresters for NRW

34. I am very pleased to report that two members of staff have achieved Professional status in the recent examinations of the Institute of Chartered Foresters (ICF). One

staff member also achieved an Award of Excellence for their submission, one of only two awarded this year. The ICF is a relatively small chartered body with only two thousand members but is the only body that can confer chartered status on tree professionals within the UK. I have written to both members of staff to congratulate them on their achievement.

35. The ICF has the second-largest number of NRW staff members of any professional body within NRW (after CIWEM, the Chartered Institution of Water and Environmental Management) and it's important we continue to support our staff achieve chartered status for their self-development as well as their pursuit of professional excellence. There are at least twenty ICF Associates within NRW who should be aiming to become chartered foresters, and a small working group is being set up to provide these members of staff with the support they need. They'll be asked to include their work in their individual Personal Development Plans (PDPs), and we in turn will provide them with management support through the formal provision of study time.

UK Forestry Standard (UKFS)

36. The UKFS (the reference standard for sustainable forest management) is currently undergoing a comprehensive review. The fifth edition is due to be published in Dec 2022. NRW technical input has been key to ensure Welsh issues have been addressed. To ensure staff were fully aware of the new edition we procured training for 130 NRW and two WG staff to attend a comprehensive suite of webinars provided by UK experts. This training will conclude in February 2022.

Pests and Diseases

37. Over the past few months there have been unprecedented levels of Avian Influenza cases in wild bird populations and poultry, particularly in England. There have been three confirmed cases in Wales and an all-Wales Prevention Zone is in place. This results in NRW staff postponing routine visits to poultry and game rearing sites and only attending sites when responding to an incident.
38. There are recent confirmed cases of a new tree disease - *Phytophthora pluvialis* in mid-Wales. NRW are working closely with Forestry Commission, Forest Research and Welsh Government to prepare our response to this infection. This strain of *Phytophthora* affects Douglas fir and western hemlock so is likely to impact on both the forest estate and private forestry. NRW officers are involved with monitoring and collating data and will be working closely with partners to manage our response.

Annual Review of Regulatory Charges

39. To maintain our regulatory charging schemes for 2022 onwards we held a public consultation which closed at midnight on 10 January 2022. We also used the

consultation to ask questions to help shape our approach to pre-application advice and discretionary advice service.

40. The consultation was live on our website for 12 weeks from 5 October 2020. Prior to consulting publicly, we engaged with stakeholders through our Charge Payers Consultative Group to discuss and raise awareness of our proposals which included:

- An increase of +2.8% to the Abstraction Standard Unit Charge (SUC).
- Increases to the UK Emission Trading Scheme of on average 21%.
- An inflationary increase of +3% to Water Quality Environmental Permitting Regulation permits.

41. As of 10 January, we had received five responses from Country Landowners and Business Association, Dŵr Cymru, Farmers Union of Wales, NFU Cymru and Mineral Products Association. We have not received any specific objections to the proposed changes however stakeholders have challenged increases, reminding us of the need for transparency and fairness of charges as well as the importance of Welsh businesses ability to maintain competitiveness. We will be summarising and considering the responses to shape final proposals which will return for approval through relevant governance. We plan to seek WG Ministerial approval ahead of launching any changes on 1 April 2022.

42. With respect to our Strategic Review of Charging, we are currently developing our proposals for amended permit application fees for consideration and agreement by governance ahead of an early summer consultation with implementation of an amended charging scheme that takes on the revised elements in Autumn 2022.

The Creative Nature Programme

43. In September 2020, NRW signed a Memorandum of Understanding with the Arts Council of Wales (ACW) outlining a shared vision for future partnership working. This partnership has now formulated into the Creative Nature Programme, a 12-month initiative delivering:

- **Future Wales Fellowship:** A transformational opportunity for eight artists to create new work that disrupts current thinking about food, energy and transport systems and engages people with the need to change lifestyles to reduce emissions.
- **Cultural Sector Decarbonisation Strategy:** Progressing our commitment to address the Climate Emergency with the aim of identifying areas of collaboration to support the creative sector to move towards net-zero carbon.

- **Creative Nature Communication Strategy:** Utilising ACW skills at public engagement and audience development to get more people involved in the conversation about the future of our natural environment.

44. These outputs will be supported by a Creative Nature Programme Manager and are part of a wider Arts Programme within NRW, developing a better understanding of how art and culture could play a beneficial role in the NRW's work, particularly in helping us engage people in the key issues that we face, such as the climate and nature emergencies.

DEFRA consultation on Government response to Landscape Review (Glover Review)

45. In 2018, DEFRA commissioned Julian Glover to undertake a review of Designated Landscapes in England. DEFRA published the formal 'Government Response to the Landscapes Review' as a consultation on 15 January 2021.

46. In summary the DEFRA proposals include:

- Strengthening the purpose for a greater focus on nature recovery and expanding the recreation purpose to Areas of Outstanding Natural Beauty (AONBs) for health and well-being.
- Strengthening the management plans for delivery to address climate and nature emergencies, linked to national targets.
- Enhanced governance for Designated Landscapes and a re-focus for Natural England on landscape activity.
- Proposals to increase diversity of visitors.
- Enhancing the impact of the designation through strengthening the duty of regard on public bodies and statutory consultee status for AONBs in planning.

47. Wales had its own review of Designated Landscapes with the Marsden Report (2015). This was followed up by a detailed exploration of some of the key themes from the review by the Wales Landscape Group, chaired by Lord Dafydd Elis Thomas. All of this work informed Welsh Government's position which is currently set out in 'Valued and Resilient: the Welsh Government's Priorities for National Parks and AONB's' published in 2018.

48. Whilst the DEFRA proposals relate mainly to England, Welsh Government with advice from NRW, will assess and consider the direct and indirect consequences for Wales. Notably, the proposals which relate to legislative change to provide for stronger purposes in law for national landscapes, together with strengthened purposes for AONBs given shared primary legislation between England and Wales.

49. The Protected Areas Committee on 1 February will receive a briefing on the consultation including an analysis of the potential implications for NRW's Integrated

Designated Landscapes Programme and the project to consider the commitment in the Welsh Government's 'Programme for Government' to designate a new National Park to cover the Clwydian Range and Dee Valley.

Operational Issues

Garwnant Visitor Centre transfer to Forest Holidays

50. Following the success of the Forest Holidays site at Beddgelert in Snowdonia National Park in 2018, our partnership with Forest Holidays has expanded to include our Garwnant Visitor Centre site in the Brecon Beacons National Park (BBNP). The 40 timber cabins, designed to fit sensitively within the woodland environment, will provide a benefit to both the tourism sector within the BBNP and the local communities of Merthyr Tydfil and Rhondda Cynon Taff, contributing to more jobs in the area. This public and private sector collaborative working agreement has been made possible with ongoing support from the BBNPA, RCT and Merthyr Tydfil Borough Councils, and Dŵr Cymru/Welsh Water, as superior landlords of this woodland site.
51. The current public access arrangements are upheld and the offer to visitors will be enhanced at the site. An increased income source for NRW will contribute to wider management benefits of the public forest estate and the development will create some 25 jobs on site alongside downstream employment in the area for supply services to Forest Holidays. Forest Holidays already successfully operates eleven locations across the UK, all located within extremely sensitive woodland settings on state-managed woodland, with four locations situated in National Parks.
52. The legal documents were sealed by Welsh Ministers and legal handover of the site took place on the 10 January.

Llyn Tegid Reservoir Safety Improvements

53. We have started major safety works on the Llyn Tegid embankments under the Reservoir Safety Act. The work will be running throughout 2022, during which footpath closures will be necessary to keep the public safe. We are working closely with Gwynedd Council and Snowdonia National Park Authority to direct people to alternative waymarked routes. The embankment strengthening works require the removal of 300 self-seeded trees which are weakening the lakeshore embankment.
54. There has been extensive local consultation since 2016 to ensure minimum disruption and to optimise other benefits such as habitat and recreation improvements. For every tree removed, we will plant three trees locally. We are also working with Bala Lake Railway to incorporate part of their proposed extension into the works, whilst avoiding any impact to the nearby rugby club playing season.

55. We are currently at a sensitive stage, with tree clearance and footpath closures underway. The local community are supportive of the works, but there remains a risk of wider opposition. We are producing monthly community updates, attending local town council meetings and providing information materials on site. Staff are available to meet people as needed, providing a continual bilingual service. We also have a bilingual explanatory video about the works and why they are required on the NRW website.

Sustainable Commercial Development

Camping

56. Forest Holidays and all stakeholders have signed and the Garwnant agreement is now live. We are also making good headway with Camping in the Forest, although the agreement is being held up a little by the complexity of Scotland and England's transfer of assets. In preparation for the rights being returned we are reviewing the Estate for potential camping sites, so we can then decide on how we might like to utilise the rights once they are returned.

Welsh Coastal Path

57. The Commercial team has agreed to help facilitate an online merchandising shop to celebrate the ten-year anniversary of the Wales Coast Path. The tender will be issued shortly for the work to commence in April 2022, and will be monitored to determine the potential to continue to offer an online shop and merchandise along the pathway.

Internal Business

ISO45001:2018

58. NRW received confirmation just before the Christmas break that we have attained registration to ISO 45001:2018. This is a standard designed to prevent work-related injury and ill-health and to provide safe and healthy workplaces by providing a framework where we can manage and continuously improve our approach to health and safety.

59. Achieving this standard will help us ensure the long-term wellbeing, health, and safety of everyone – staff, visitors, contractors and customers. We should be proud of the achievement, many organisations fail to attain the standard, as it is a difficult standard to achieve and maintain.

60. There are two actions that need to be addressed with supporting action plans, and will be audited at all the forthcoming audit visits to ensure we are improving and fulfilling our legal requirements. Thanks to all who helped and were involved in the audit process and for their assistance and support this past year.

Forward Look

- Protected Areas Committee – 1 February
- Finance Committee – 10 February
- Board Update Call – 16 February
- People and Remuneration Committee – 2 March
- Audit and Risk Assurance Committee – 10 March
- Board Meeting – 23 & 24 March (in person near Cardiff)

Board Paper

Paper Title:	Audit and Risk Assurance Committee (ARAC) Update
Paper Reference:	22-01-B08
Paper Sponsored By:	Catherine Brown - ARAC Chair
Paper Presented By:	Catherine Brown

Purpose of Paper:	Information
Recommendation:	To note the update

Issue

1. This paper provides an update to the Board following the ARAC meeting on 16 December 2021. The minutes from the meeting can be made available to any Board member interested.
2. Issues that in the opinion of the ARAC Chair should be brought to the attention of the whole Board are highlighted below.

Update

Finance update

3. ARAC were made aware of a potential issue emerging from the National Audit Office's audit of the Environment Agency regarding the financial liability associated with reservoir operating agreements and compliance with the International Financial Reporting Standards 9 methodology. The Committee will be kept informed of any impact on NRW's accounts for 2021/22 as a result of its implementation.
4. ARAC provided feedback on the Counter Fraud Strategy 2022-26.

Internal Audit update

5. The Committee reviewed five Internal Audit Reports and two Follow-up Reports. Both the Pensions and Fixed Assets Audit Reports offered substantial assurance opinions. The Flood Report Progress Review; Hand Arm Vibration and; Accounts Receivable Audit Reports all offered moderate opinions.
6. ARAC have requested clarification on some of the content within the Accounts Receivable Audit Report to ensure that there is no increase in the risk of bad debt and suggested that Finance Committee might like to consider this area.

7. The Project and Programme Management and Timber Sales Follow-up Reports indicated that reasonable progress had been made in implementing the recommendations from the original audits.

Contract Management Project

8. ARAC received a status update on the Contract Management Project. Given the high level of risk that remained in this very material area of expenditure, until the team were in place and ways of working were embedded, we have requested that a summary be produced for March 2022 ARAC, identifying the different elements of risk and the things that are being done to mitigate against the key risk areas.
9. We also highlighted the importance of the Board being briefed on the outstanding risks and any mitigation plans, so that they fully understand the risks the organisation faces in this area.

Timber Sales Governance

10. The Committee were pleased with the progress that had been made in reducing the risk in this area. ARAC no longer consider it necessary to receive regular progress updates regarding this matter and instead will review the area of work as part of the internal audit programme going forward.

Corporate Risk Assurance

11. ARAC received an Annual Risk Report and Quarterly Risk update, and agreed a proposal on how the Committee would engage with Risk going forward.

Closed Session

12. Members held a closed session with the Head of Internal Audit, where we discussed the responses from staff who attended ARAC over the last year, as part of our Annual Effectiveness Review. We have asked internal and external audit for their comments also, so that the Committee can properly reflect on: the feedback received and; our development in the round.
13. I have also asked members to consider the suggestion that they take lead responsibility for particular areas of ARAC's work going forward.

Board Paper

Paper Title:	Finance Committee update
Paper Reference:	22-01-B09
Paper Sponsored By:	Sir David Henshaw - Finance Committee Chair
Paper Presented By:	Sir David Henshaw

Purpose of Paper:	Information
Recommendation:	To note the update

Issue

1. This paper provides an update to the Board following the Finance Committee (FC) meeting on 7 December 2021.

Update

2. In addition to reviewing NRW's financial performance and receiving an update on budget and business planning matters for 2022-23, FC also discussed: the Baseline Exercise; Welsh Government's (WG) key priorities; NRW's role in delivering their ambition and; the challenges faced.

Programme Management Office and Contract Management Project update

3. FC were updated on the work of the Programme Management Office.
4. An overview of the Contract Management Project, a high-risk area for the organisation, was also provided. FC requested that an update be provided to the Board in January 2022 on how any wider benefits, such as social value, would be captured.

Timber Governance Oversight

5. Good progress continued to be made in addressing Timber Sales governance issues.

Risk Management - Deep Dive of Strategic Risk (SR) 04 (Setting Strategic Direction)

6. The Committee offered various feedback around the: articulation of SR04; current enablers and; planned actions, to ensure this Risk is sufficiently challenging and any mitigations are helping to achieve the target risk score.

Grants update

7. FC requested that a note be prepared for the Chair of NRW's Board around the development of a single Grants system in Wales, demonstrating how this area of work could be delivered differently by a more efficient regime, prior to raising this with WG.

Finance Committee Governance

8. The Committee agreed the arrangements for the FC Annual Effectiveness Review. Members, regular and occasional attendees will be surveyed. FC will then consider any areas for improvement during the next meeting on 10 February 2022.
9. The FC Terms of Reference are also being revisited, to ensure that the Committee are providing the appropriate level of support to the Board.

Board Paper

	Paper Details
Paper title:	Flood Risk Management Committee (FRMC) Update
Paper Reference:	22-01-B21
Paper sponsored by:	Julia Cherrett – Chair of FRMC
Paper Presented by:	Julia Cherrett
Purpose of the paper	Information
Recommendation	To note the update

Issue

1. This paper provides an update to the Board following the FRMC meeting on 13 January 2022. The minutes from the meeting can be made available to any Board member interested.
2. Issues that in the opinion of the FRMC Chair should be brought to the attention of the whole Board are highlighted below.

Update

Flood Recovery and Review Implementation Programme

3. An update was provided on the Flood Recovery and Review Implementation Programme. The Red Amber Green (RAG) status was noted as Amber, reflecting the challenge around recruitment, and this was discussed by the Committee. The steps being taken to approach recruitment differently were described, and work with universities, local authorities and other public bodies was highlighted. Details of the filled posts, along with those remaining open, were requested by Committee members. Preparedness for the next flooding event was discussed.
4. The findings from the Internal Audit were shared, which had resulted in a Moderate rating. Positives had been noted around the strong governance structure and the Committee noted that the Audit recommendations had all been accepted by Officers.

An update was provided on the Programme Board's decision to guard against premature closure of the Implementation Programme.

Strategic Risk Review – SR02 Managing Assets

5. An overview of the main structural assets included under Strategic Risk 02 was provided and the current approach to oversight of these was described. The Committee considered SR02 in detail and discussed the importance of considering a long-term strategic approach to managing flood risk, investment, targets, and measures. It was agreed that there was a need to challenge the thinking on this and a strategic discussion at the Board was needed. A special meeting for FRMC members would be arranged in March to consider the issues in more detail.

Capital Programme

6. An update on the Capital Programme was provided. Committee members asked questions about the process for the inclusion of projects on the named projects' list. It was agreed that a more detailed discussion on the prioritisation process would take place at the next meeting. FRMC approved the Flood Risk Management (FRM) Medium Term Plan and the variances since the previous meeting.

Flood and Coastal Erosion Committee (FCEC) Resources Sub-Committee Draft Recommendations

7. A presentation on the role of the FCEC in providing independent advice to Welsh Government (WG) and the scope of the FCEC Resources Sub-Committee was described. A consultation on the recommendations of the Sub-Committee was expected at the end of January and a response was invited from NRW. The Chair of FRMC and the Head of Flood Risk Management agreed to meet to consider a response to the consultation once more information was available.

Skills/Succession Planning

8. FRMC took a detailed look at the work on skills and succession planning in Flood Risk Management (FRM). A presentation was provided on the five key areas being progressed. The ongoing work with universities and the development of a specific FRM module was discussed. The Committee applauded the work being done but recognised the ongoing challenge that recruitment, retention, and development poses for NRW and other flood authorities.

Technical Advice Note (TAN) 15

9. It was noted that the implementation date for TAN15 had been suspended by WG until June 2023 to allow more time for consideration of the implications of the updated mapping. The impact of the delay on work volumes for the team was described and the mitigating actions that were being put in place to address this. The importance of conversations on the issue of development in the context of the Floodmap for Planning were highlighted.

Internal Drainage Districts (IDDs) Rates and Levies

10. The background to the IDD's and an overview of the arrangements relating to the rates and levies was provided. FRMC discussed the proposed changes and charging arrangements. The importance of the standards of work were considered and it was noted that an Internal Audit report was awaited. FRMC agreed the proposed precepts, drainage rates and special levies for 2022-23 for the IDD's which would go forward to the January Board Meeting for endorsement.

FRMC Effectiveness Review

11. FRMC provided feedback on the design of some of the questions within the Effectiveness Review Questionnaire and agreed to the proposals subject to the suggested amendments.

Information Items/AOB

12. Written updates were noted on Reservoirs and Flood Risk Management.

13. The focus on Coal Tips and Safety alongside Water and Flood, and the available budget were considered.

Board Paper

Paper Title:	People and Remuneration Committee (PaRC) Update
Paper Reference:	22-01-B10
Paper Sponsored By:	Zoe Henderson - PaRC Chair
Paper Presented By:	Zoe Henderson

Purpose of Paper:	Information
Recommendation:	To note the update

Issue

1. This paper provides an update to the Board following the PaRC meeting on 10th December 2021. The minutes from the meeting can be made available to any Board member interested.
2. Issues that in the opinion of the PaRC Chair should be brought to the attention of the whole Board are highlighted below.

Update

Management Information / Interim Wellbeing, Health and Safety (WHS) Update

3. The Committee were provided with an overview of the Management Information and an interim Wellbeing, Health and Safety on ISO 45001.
4. Vacancies at NRW were discussed and were confirmed as 373. The Committee discussed the risks of vacancies and absences relating to mental health, which would be discussed further at the next meeting.
5. A Moderate rating had been received for Hand-Arm Vibration Syndrome (HAVS). This was now part of the WHS team remit; Action Plan was in place and work was underway on the recommendations.

Understanding the root causes of fatalities on the NRW Estate

6. PaRC were provided with a paper that considered the overview of the fatal accidents that had taken place on the NRW Estate and the steps taken to address these accidents. The Committee agreed that any fatality on NRW land was one too many and welcomed the work being undertaken to review the approach to forestry safety to ensure

that everything was being done to prevent work-related accidents on the NRW Estate in future.

The Use of Fixed Term Appointees

7. The Committee were provided with a presentation on Fixed Term Appointees (FTAs) in NRW, definition and background.
8. Committee members discussed the approach taken to grant-funded posts in the third sector. It was considered that this approach could also work for NRW. It was recognised that FTA posts created inefficiencies. There would be a need to clearly articulate NRW's offer and consider moving towards an additional permanent headcount in order to retain skills.

People Strategy

9. PaRC were provided with an update on the People Strategy following discussions at the People Board, Executive Team (ET), and with PaRC Committee members. The Committee members welcomed the work on the Strategy. The imbalance between the responsibilities of the employer and employee was questioned and it was agreed that more development was needed around creating more balance between the parties. It was recommended that qualitative indicators would be needed, for example, around staff becoming more resilient and confident to make decisions.

Six-month update of Workforce Plan

10. PaRC were provided with an update on the Workforce Plan, which now included consideration of some of the current issues facing the labour market and the challenges around recruitment.
11. Committee members recommended that the wording on the 'Current Workforce' section of the Workforce Plan relating to the ageing workforce should be reviewed. PaRC supported the investment in electronic systems which would facilitate workforce planning and reduce staff workload.

Customer Strategy and Stakeholder Prioritisation Work

12. The Committee were provided with a presentation to update on the activity on the Customer Experience and Engagement Strategy.

Adfywio/ Renewal Programme

13. PaRC were provided with an update on the RAG (Red, Amber, Green) status of the programme which was currently rated as Red. There were some fundamental resource issues; however, the Programme Manager role was now permanent, and interviews for this were due to take place in the new year.
14. Committee members suggested caution in making big infrastructure changes and advised waiting to see the long-term shift in staff attitude to home working. There were concerns raised over the carbon footprint of homeworking. Hybrid working trials had been paused due to the current Covid situation.

Employer / Public Liability Update

15. PaRC were provided with a brief overview of the annual update on employer liability claims. These were noted as lower than normal. Additional training was being carried out for hearing managers.

Internal Audit Reports

16. The Committee reviewed two Internal Audits completed in the last quarter. The Pensions audit had received Substantial assurance and the Hand Arm Vibration (HAVS) audit Moderate assurance. Actions would be addressed quickly but there was a need to demonstrate to Internal Audit that these had been embedded. It was suggested that this was clarified within the action recommendations. Committee members proposed that the learning from this should be shared through internal communications.

Equality, Diversity, and Inclusion

17. PaRC were provided with an update on the development of 'All Together', NRW's Inclusion and Diversity Strategy. The Committee were pleased with the work on the Strategy and praised the positive approach.

Staff Survey

18. PaRC received an update on the Staff Survey. The aim of the proposed Staff Survey would be to help understand the employee experience and further embed NRW's values. The Committee supported the recommendation in the paper.

People's Policies Update

19. The Committee considered the content of the paper. The Chief Executive provided an update on the McCloud judgement on the Principal Civil Service Pension Scheme (PCSPS). The implications of this were discussed.

People and Remuneration Committee Annual Effectiveness Review

20. The Committee considered the content of the paper and agreed to the proposed recommendation.

AOB

21. The Committee considered and approved the recommendation in the LGPS (Local Government Pension Scheme) Discretionary Policy paper.

Demonstration of the Customer Relationship Management (CRM) System

22. PaRC were provided with a presentation on the CRM system. PaRC noted the importance of ensuring that the Board were sighted on the CRM system, particularly in relation to Board members' contacts with stakeholders, and recommended that the presentation be shared at a future Board meeting.

Board Paper

	Paper Details
Paper title:	All Together – NRW’s Diversity and Inclusion Strategy
Paper Reference:	22-01-B11
Paper sponsored by:	Prys Davies, Executive Director Corporate Strategy and Development
Paper Presented by:	Steve Burton, Head of People Management
Purpose of the paper	Approval
Recommendation	The Board to approve our All Together - NRW’s Diversity and Inclusion Strategy

Issue

1. We have been developing our All Together – NRW’s Diversity and Inclusion Strategy, setting out the key priorities for the next 3 years (up to 2025). Having undertaken a huge amount of work we are now wanting the Board to approve our revised strategy.

Background

2. In March 2020, the Board agreed to sign-up to cross-public sector Shared Equality Objectives and also that we should develop a more specific plan for NRW, tailored to our particular organisational priorities and values. We established a Steering Group, involving a number of Board members, to help guide our work and have undertaken a number of pieces of work to inform our priorities going forward.
3. The first phase of this work, which ran from January to April 2021, resulted in the development of a baseline report and action plan that was developed with input from consultants, Diverse Cymru. The report was based on a desktop review, an online survey and focus groups, involving staff as well as external stakeholders.
4. With input from the Steering Group, we progressed to a second phase of work that involved the establishment of a Task and Finish Group, comprising a cross section of staff from across the organisation, to review the findings from the first phase and identify the key priorities that NRW should focus on in relation to the equality, diversity and inclusion (EDI) agenda over the short to medium term. Over the course of July

and August, we ran five workshops with our staff group. These workshops enabled us to work on the staff Vision for EDI in NRW, reviewed the findings of the first phase of work, including any specific gaps; and then focussed on developing a collective view as to what NRW should focus on next in relation to the EDI agenda.

5. In parallel, we sought additional feedback from stakeholders regarding our approach to EDI. The responses covered a range of issues including welcome and supporting the work around EDI; how NRW is seen to work with more traditional players and how one of the challenges for the wider environment sector is to engage and involve more widely – and how this could be key to opening up more doors; the importance of looking at this agenda through a socio-economic lens; and how some of the EDI issues that we are trying to address are closely linked to matters relating to customer service and involvement.

Summary

6. There are a number of different plans and activities which are relevant to an assessment of our priorities in relation to equality, diversity and inclusion issues. These have been developed and informed by wider, societal discussions around issues such as race and Black Lives Matter, transgender issues and LGBT rights and against a backdrop of an increasingly divisive public discourse, debates and disagreements about the limits of freedom of expression and social and economic changes resulting from Covid and Brexit. Wider discussions, particularly within the organisation, are underway around broadening community engagement and involvement in our work, particularly more vulnerable and deprived communities.

Approach

7. The range of issues covered by equality, diversity, inclusion and equity is broad and diverse and is intertwined with our purpose and values as an organisation. Our work on the project has tried, with mixed results, to involve staff from across the organisation as well as with external stakeholders, to help both understand where we are as an organisation as well as our priorities going forward. We have a good 'baseline' understanding of where we are as an organisation and many of the suggestions from the internal Task and Finish (T&F) Group reflect and build on that.
8. At the start of both phases of the internal project, we emphasised the importance of looking at this agenda in a broad sense that encompassed all the people and communities of Wales. In the second phase, we discussed with the T&F Group the benefits of being a truly diverse and inclusive organisation and how that would enable us to deliver on our core purpose – the sustainable management of our natural resources. The T&F Group reinforced this aspect in their conclusions – that adopting the right inclusive behaviours, and in particular, being open to diversity of thought, were critical for us to develop as an organisation. This interweaves closely with work that we have underway in relation to our Customer Strategy, our nascent People Strategy and the activities that we have underway to further embed our values, and how we develop and deliver policies on the ground, from broad policy pieces such as Area Statements to individual initiatives and interventions in Place.

9. Taking the above, we have developed a strategy and plan that is pithy, is articulated through the lens of our values and is also all-encompassing with regards the EDI agenda.

Recommendation

10. Attached in Annex 1 is the Strategy and Plan for Board approval.

Key Risks

11. There is a significant risk that if we do not have appropriate resources in place, we will be unable to implement this strategy. The permanent team is currently 0.8 FTE whose role is split between this and Welsh Language. Based on this it is unlikely this work will progress and staff lose faith in NRW.
12. There is a risk that if we do not become a more diverse and inclusive organisation, we will limit our reach and effectiveness in terms of delivering on our purpose – the sustainable management of our natural resources. This has been an important theme of our work over the last nine months and will need to be drawn out in the Plan.
13. There is a risk of reputational damage if we do not have credible or prioritised plans in place, or sufficient senior engagement with this agenda. Putting an NRW specific Plan in place which has clear actions relating to senior leaders (Board and Staff) will address this risk.
14. There is a risk that if we do not effectively integrate our objectives in relation to equality, diversity inclusion and equity into wider initiatives (e.g. our Customer Strategy; how we work in Place; our wider People policies), then we will not secure the cultural and behavioural changes required.

Next Steps

15. To develop a communication plan in order to launch the strategy. This will be undertaken alongside developing a detailed action plan so the People Board can monitor progress. We are also wanting to ensure that this lands well within NRW and therefore will look to restyle the format into a more attractive proposition.

Financial implications

16. None at this stage. However, it is estimated an annual budget of approx. £20k - £30k would be needed to move this work forward and support some of the initiatives and analysis. Any financial implications will be considered in more detail as part of developing the Action Plan. There is currently a small temporary staff resource in place supporting this work for this financial year 2021/22. If we are to progress this work a specialist person with extensive experience in this subject should be recruited at the total annual cost £45k (Grade 7).

Equality Impact Assessment (EqIA)

17. An EqIA has been completed.

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Annex 1: All Together – NRW's Diversity and Inclusion Strategy

‘Gyda’n Gilydd - All Together’ - NRW's Diversity and Inclusion Strategy

Introduction

We want NRW to be an organisation where everyone feels they can participate, where we are open to new ideas, perspectives and innovation, where we are seen as approachable and fair. This Diversity and Inclusion Strategy sets out our approach to deliver this ambition. How we give life to this strategy and its six key objectives, through our actions, language and behaviours, is central to who we are as an organisation. The six objectives reflect our organisational values and sit at the core of our Diversity and Inclusion Strategy. Most importantly, they apply to each and every one of us here in NRW – we all have a role to play in making these aims a reality in all that we do.

Why is this important? Put simply, a focus on diversity and inclusion in all that we do will better enable us to deliver on our strategic purpose as an organisation and help us tackle the climate and nature emergencies. A supportive organisational culture that embraces diversity and inclusion as part of its DNA will be more creative and innovative – qualities that are essential for us to grow given the complexity and urgency of the challenges that we face. Done well, it will help to broaden the range of people who work for and with us, bringing fresh perspectives and challenge. This focus will also ensure that we become more representative of the communities that we serve as well as being better placed to connect and work with all those communities on our shared endeavours and challenges. Ensuring we create a culture where everyone feels able to participate, where they can bring their whole-self to work and achieve their full potential will make us a better organisation and, in simple terms, is the right thing to do.

So what do we mean when we talk about diversity, inclusion, equality and equity in the context of this strategy?

- Diversity is about being open to fresh perspectives, creativity and innovation;
- Inclusion is about creating an environment where everyone feels able to participate;
- Equality is about treating people fairly, irrespective of their characteristics; and
- Equity is the principle of giving extra support to people because of their race, sex, social background or physical differences.

Turning these elements into reality means reflecting on our individual behaviours and language, embedding them into our values and culture and ensuring that we have the right environment, systems, policies and processes in place to enable rather than hinder. Doing so is critical if we are to deliver our strategic objectives - we need to be an inclusive organisation that values diversity of thought, diversity of voice, diversity of approach and diversity of views. We believe that ensuring that this becomes part of our organisational DNA will make us a more effective and respected organisation that genuinely lives its values.

We need to ensure that we continue to address issues and blockers in relation to those individuals to whom we have legal responsibility (those with the 9 key protected characteristics according to Equality legislation). However, we don't want

to limit our focus to those groups. We want to focus on people and not put anyone into a 'category'. We therefore wish to take into consideration a much broader and wider view of under-represented and seldom-heard groups and communities, including from a socio-economic perspective, to become truly diverse and inclusive organisation.

Our Approach

Over the past 12 months, we have taken the opportunity to review our current position as an organisation, our commitments (including our commitments in the Shared Equality Plan for public sector bodies in Wales), our organisational aims and objectives and those areas where we want to make a real difference over the next 3 years.

As part of that process, we commissioned external assessor to undertake an assessment of our activities under the umbrella of equality, diversity and inclusion, seeking views and feedback both internally within NRW as well as from external partners and stakeholders. This assessment outlined much good practice but also identified the need for more integration across the breadth of what we do and ensure a greater focus on getting some of the basics right. This assessment put emphasis on the importance of ensuring that inclusion and diversity become an intrinsic part of who we are and what we all do rather than either being treated as an add on or something that is the responsibility of some parts of the organisation.

Following this assessment, we convened a Task and Finish Group comprised of a representative group of staff from across the organisation and at various grades to help identify our key objectives for the next 3 years (2022-2025). These objectives, set out below, have also been influenced by the feedback from stakeholders and learning from external initiatives.

How do we want to make a difference?

This strategy is centred around 6 key objectives:

- *Bring about a shift in our culture by identifying and implementing initiatives that support everyone to actively listen and model inclusive workplace behaviours*
- *Improve the quality of data we capture to enable us to make more informed and better decisions Raise the diversity and inclusion bar through 'living our values' and by supporting and celebrating our own diversity as well as the diversity of Wales*
- *Review the way we use language in our policies and practices in order to create a more inclusive and diverse culture Ensure anyone in Wales, including our existing and new customers, stakeholders, and service users are able to shape our services and easily access our spaces*

Ensure our policies align with our diversity and inclusion objectives and develop our people in a meaningful way We have identified key actions to help us deliver our aims along with indicators that will be used to measure progress. Not all of this will

be achieved on our own. We recognise the need to engage with other sectors to hear from their experiences, share in the research, tackle issues much earlier in the lifecycle and much more.

How will NRW look and feel like in 2025?

By 2025, our aim is that:

- Everyone at NRW understands and positively embraces inclusion and diversity.
- Diversity and Inclusion is an intrinsic part of who we are and what we do, both internally and externally.
- As an organisation, we are becoming more representative of a diverse modern Wales
- We collect relevant data and use it more effectively to inform our approach.
- Equality Impact Assessments are seen as actively influencing our decision process.
- We have a zero tolerance culture to inappropriate behaviour and support individuals to be able to confidently challenge such behaviours
- Demonstrable progress against our socio-economic deprivation duty; Public Sector Equality Duty 2011; Equal Pay reporting; Race Equality Action Plan for Wales; and Wales Public Body Equality Partnership Objectives 2020-24.

Our Objectives, Key Actions & Indicators

Objective 1: Bring about a shift in our culture by identifying and implementing initiatives that support everyone to actively listen and model inclusive workplace behaviours

Actions

- Implement a series of inclusive awareness sessions for all staff starting in Year 1 and continuing throughout the strategy
- Develop and implement guidance and support across the organisation to promote inclusive workplace behaviours
- Enable staff to identify and challenge inappropriate behaviours with access to support and coaching and provide 'active bystander' training for senior leaders and Board members
- All NRW staff and teams to have a relevant Equity/Inclusion Objective, with evidence (through feedback) of how they are embedded into actions

- Raise awareness of how inclusive ways of working have benefited teams using blogs/video interviews

Indicators

- Pulse and Staff Survey to monitor inappropriate behaviours
- Induction feedback on how inclusive it felt starting in NRW
- Yammer comments
- Anonymous 360 feedback on how managers behaviours have changed

Objective 2: Improve the quality of data we capture to enable us to make more informed and better decisions

Actions

- Improve the quality of data and insights by reviewing what internal and external people data we collect, address any gaps and have a clear plan to use this data to inform decision-making
- Highlight the benefits, and work to remove any barriers, to colleagues self-declaring/updating their personal confidential profiles
- Launch a scheme (Staff Multi Passport) to support open dialogue and help staff capture and maintain the required reasonable adjustments needed
- Publish data externally on inappropriate behaviour/ complaints and range of consequences (respecting privacy).
- Raise awareness and transparency of our Gender Pay Gap (GPG) and Pay Policy Statement (PPS) with staff
- Identify and understand staff social mobility/socio economic background to help identify issues.

Indicators

- Deep dive analysis of people data every 6 months
- Insights from Pulse Survey to track progress
- Seek staff feedback on the benefits of seeing GPG/PPS
- Improved self-declaration
- The number of Staff Multi Passports in place.

Objective 3: Raise the diversity and inclusion bar through 'living our values' and by supporting and celebrating our own diversity as well as the diversity of Wales

Actions

- Proactively celebrate our diversity in NRW by supporting, empowering and promoting our active Staff Networks

- Celebrate key diversity festivals throughout the year with input and support from staff/stakeholder groups and our Staff Network Groups
- Identify and implement intentional team initiatives that allow people to have open and transparent conversations about diversity and inclusion
- Develop and implement a plan to further embed our values, which were inspired by our staff, into our organisational identity and ways of working
- Encourage senior leaders to role model and champion flexible working
- Everyone to be held to account for their own annually agreed All Together – Inclusion and Diversity Objective which provides clear responsibilities in delivering on this Strategy
- The Board and ET to have regular briefings/ awareness sessions on Diversity and Inclusion topics

Indicators

- Staff Network profiles increased through increased communications
- Sample Objectives demonstrate our values are included and monitored
- Pulse Survey on the value of transparent conversation and the effectiveness of improved communications

Objective 4: Review the way we use language in our policies and practices in order to create a more inclusive and diverse culture,

Actions

- Review the use of language for different groups when we attract and recruit, as well as exploring how we can ensure unbiased recruitment
- Pro-actively adopt and implement the relevant commitments from the WG Anti-Racist Wales: The Race Equality Action Plan for Wales
- Develop and implement guidance for internal and external use to avoid adverse impacts of assumptions made
- Publicise and actively encourage different working practices across all tiers
- Ensure equity is embedded into the procurement, grants and partnerships process and managed throughout delivery

Indicators

- Use perception surveys to monitor progress
- Analyse recruitment outcomes
- Procurement to include simple Equity questions - scored as model answers
- Monitoring adoption of Anti-Racist Wales action plan

- Equality Impact Assess grants and partnerships process

Objective 5: Ensure anyone in Wales, including our existing and new customers, stakeholders and service users are able to shape our services and easily access our spaces.

Actions

- Use the Customer Journey Mapping to help with improved outcomes for different groups
- Evaluate how we communicate externally to inform how NRW practices can be better shaped for fairness and inclusion.
- Undertake an annual deep dive on a selection of Equality Impact Assessments (EqIAs) to help identify and assess their effectiveness in delivering policy/services
- Utilise the outputs from the EqIA scrutiny to identify areas for improvement
- Work with the Customer Engagement to develop Engagement Framework for how communities are enabled to shape services so that it aligns with the Customer Experience and Stakeholder Engagement strategy
- Develop, agree and promote a meaningful and inclusive fair access to information, services and premises statement (including, in particular, a statement for our recreational sites).
- Identify the best organisations to benchmark and learn from as well as identify key initiatives
- Collaboratively work with Environmental Non-Governmental Organisations (eNGOs) to address and improve diversity across the environment sector

Indicators

- Number of EqIAs completed with outcomes tracked for improvements.
- Annual Report including EqIA work
- Customer Perception Survey
- Examples of our Fair Access Statement(s) improving inclusive access to our spaces.

Objective 6: Ensure our policies align with our diversity and inclusion objectives and develop our people in a meaningful way

Actions

- Complete end-to-end process mapping for Equality Impact Assessments (EqIAs) and new Stage 1 screening tool with the aim of improving quality and number of EqIA's completed

- Communicate and embed the outcomes, ensuring we revisit policies and EqlAs post-implementation to better understand their impact.
- Develop a plan to review relevant organisational policies for inclusive ways of working including recruitment and taking time out (special leave).
- Provide training for staff in how to manage conflict in a more inclusive way of working (with staff and customers)

Indicators

- Progress against plans to revisit EqlA impact on policies
- Staff feedback on effectiveness of training (3-6 months after attending)
- EqlAs with outcomes/actions mapped for assurance purposes

How this Strategy fits in to the bigger picture

The development and implementation of our Diversity and Inclusion Strategy is a key objective within our wider People Strategy, which sets out to provide the support, the changes and the development we need as an organisation to bring out the best in our people. The broad aims and objectives of this Strategy should permeate all that we do and link particularly closely to our work on our Customer Strategy, our Renewal Programme as well as more external facing initiatives, such as the Natur a Ni / Nature and Us Programme.

To support the delivery of this strategy a detailed action plan will be developed to manage the actions in more detail. We will establish a cross-organisational group to monitor delivery and will update NRW's People Board, our Executive Team and the Board's People and Remuneration Committee regularly on progress. We will also produce an annual report of progress with an interim report for PaRC every 6 months.

Board Paper

Paper title:	NRW People Strategy
Paper Reference:	22-01-B12
Paper sponsored by:	Prys Davies, Executive Director of Corporate Strategy and Development
Paper Presented by:	Prys Davies, Executive Director of Corporate Strategy and Development
Purpose of the paper	Approval
Recommendation	That the Board consider and approve the draft People Strategy.

Issue

1. This paper asks the Board to consider and approve the draft People Strategy.
2. NRW does not currently have a strategy relating to its people and direction as an organisation. The People Strategy seeks to make a clear statement about how NRW values and treats its people, the culture it wishes to foster and the key measures it intends to take to enable NRW to become an excellent organisation. We have also established a People Board to support and advise, at a strategic level, the development and implementation of the Strategy and our Workforce Plan.

Background

3. Since NRW was established, a range of people policies have been developed and put in place to support the organisation and its purpose. Significant time and effort have been spent on the Job Evaluation and Organisational Design programmes, ensuring that staff have (largely) common terms and conditions and that the overall structure of the organisation supports its strategic purpose and myriad functions. The development of our organisational values has provided an important bedrock for all members of staff albeit with further work to be undertaken to embed those values and this work has been supplemented by work on developing our leadership capabilities. Strategic plans have been put in place, particularly in relation to areas such as Health and Safety, and the work around Wellbeing has received significant focus over the past two years. We have developed a Diversity and Inclusion Strategy (for the Board's approval in this meeting) and work is underway in the context of Adfywio (the Renewal Programme) to inform our evolving approach to hybrid working.

4. There are however gaps in our strategic thinking, people policies and activities. The changes in the labour market require us to think afresh around our approach to resourcing and recruitment. We have policies in place in relation to issues such as reward and the Welsh language, but these are not framed within the context of an overall strategic aim or purpose. We have not given a significant amount of consideration to our 'identity' as an employer, particularly in terms of how we further strengthen the links with our mission and values. More generally, we have not set out, in an integrated manner, the policies and strategies that we want to pursue to develop staff and ensure that our people, our most valuable asset, and our people policies are wholly aligned with the purpose and strategic direction of the organisation.

Assessment

People Strategy

5. To address this, we have developed the People Strategy (Annex 1), with the aim of supporting the mission and values of NRW. The Strategy sets out how NRW values and treats its people and the culture it wishes to foster to enable everyone to achieve and sustain excellence in all areas of its work. Implicit in this is an articulation of the support that the organisation will offer its people, at a strategic level, and the values and behaviours that we will expect our staff to embrace. Accordingly, the key audience of this Strategy are the staff of the organisation, the Board, and prospective employees. The Strategy will be supplemented by more detail in a delivery plan to reviewed by the People Board, the Executive Team (ET) and the People and Remuneration Committee (PaRC).
6. We have developed the Strategy with input from Board Members (via the People and Remuneration Committee), the Executive Team, the People Board, the Trade Unions (TUs), and staff input (through our Staff Engagement Panel).
7. There is some overlap between the People Strategy and the Workforce Plan, which we have recently updated in line with CIPD (the Chartered Institute of Personnel and Development) guidance ([workforce-planning-guide_tcm18-42735.pdf](#) ([cipd.co.uk](#))). The former provides a strong focus on the individual whilst the latter takes more of an organisational perspective of workforce management. The two documents serve different purposes but are mutually supportive, but we will need to give further consideration to the links, particularly in terms of how we review both elements at the People Board, at ET and PaRC.

People Board

8. Alongside the development of a People Strategy, we have established a People Board to help guide the strategic development of people policies and practices across the organisation. We currently have various fora to inform the development of people policies, particularly in relation to Wellbeing Health and Safety and Equality, Diversity and Inclusion issues. We have Workforce Panels (NRW-wide and at Directorate level) to ensure a more rigorous approach around our management of the workforce (budgets and staff numbers). There are also regular engagement mechanisms with the Trade Unions. However, we do not have a

forum within the organisation to review the overall strategic direction of our people policies and strategy, other than the People and Remuneration Committee (PaRC). Establishing a People Board with that remit aims to address this omission.

9. The key responsibilities of the People Board are as follows:

- Shape and inform the overall strategic direction of NRW's strategic people policies, in particular its People Strategy and the Workforce Plan;
- Advise and review specific elements of NRW's strategic people policies;
- Ensure regular iterations of the Workforce Plan are informed and iterate with Business Board/Directorate Service Plans;
- Maintain a strategic overview of key indicators relevant to the People Strategy, ensuring appropriate alignment with wider organisational Management Information;
- Ensure our approach to people strategies and policies continues to evolve and be appropriately benchmarked, that lessons are learnt and NRW's approach takes into account the needs, and feedback of, our customers;
- Review the overall approach to managing people-related risks.

10. Alongside the above, we are keen to ensure that the People Strategy is firmly linked into the business, and this is reflected in the membership of the People Board. The membership includes senior representatives from the Executive Team, key Directorates within NRW, the Leadership Team lead on Business Planning (where there is a key link between people policies and business planning), a TU representative, a staff representative, and an external HR professional – the latter to ensure stronger exposure to external HR practices.

Next Steps

11. Subject to comments from the Board, we intend to proceed with implementing the priorities in this Strategy and developing a more detailed delivery plan, iterating with the Workforce Plan. In parallel, we will continue to engage with staff and the TUs in specific fora on the development and implementation of the Strategy.

12. Whilst the Strategy sets our broad objectives for the next three years, the immediate priorities for 2022 include:

- In light of changed labour market conditions, rapidly review our approach to resourcing (including recruitment arrangements) and reward;
- Proceeding with the implementation of the Diversity & Inclusion Strategy;
- Implement changes to our Performance Management arrangements, drawing on best practice and research;
- Implement a Succession Planning Framework and a Leadership Development Strategy – bringing in additional resource to accelerate our work in these areas;
- Commence work on the development of our Welsh Language Strategy, involving Board members to shape our direction;
- Develop a thorough Wellbeing Health and Safety (WH&S) training needs analysis for the organisation and commence work on competency frameworks for certain work areas; and

- Support the development and implementation of the Adfywio programme.

Recommendation

13. The Board is asked to:

- Comment and approve the draft People Strategy.

Key Risks

14. If we do not have a clear sense of our strategic direction in relation to our people, we risk becoming reactive and failing to keep pace with best practice and the aspirations of our staff (actual/potential).
15. If we do not engage and involve more broadly, including with staff, on the development and implementation of the Strategy, it might not accurately reflect our priorities or tie-in to wider business priorities.
16. If we do not adequately resource the development and implementation of this Strategy, it may struggle to have the desired impact and help us achieve our strategic outcomes.

Financial Implications

17. Specific actions resulting from the development of the People Strategy will need to be considered within the existing resource envelope and / or any future bids for financial resources. The Baseline Exercise recognises the pressures that the People Management function is under (the service was rated as Red in our assessment). We have, over the past year, bolstered our teams with temporary resource and we will need to increase that level of resourcing in the short to medium term to deliver on our ambitions. In particular, resources will need to be in place to enable us to progress work in a number of areas identified in the Strategy, most notably in relation to Diversity and Inclusion. We are in the process of filling the Leadership Team vacancy for the Head of Organisational Development role and we will be bringing in additional resources in the short term to help us progress actions in this area.
18. The Strategy commits us to putting in place a Learning Management System and an eRecruitment system. These will need to be prioritised for development and investment if we are to adhere to the commitments in the Strategy – and seek to realise efficiencies and ease pressure on staff across the organisation.

Equality Impact Assessment (EqIA)

19. Equality Impact Assessments will be undertaken in relation to specific initiatives (such as the Diversity and Inclusion Strategy) developed as part of implementing the Strategy.

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Annex 1: Draft People Strategy

NRW People Strategy

What is the People Strategy?

You, our staff, are our greatest resource. Without your passion, knowledge and commitment, we could not play our part in tackling the climate and nature emergencies. If we are to succeed, we have to invest in and develop our current workforce and plan ahead to ensure we have an appropriate skilled and committed workforce in the future.

The People Strategy sets out what we intend to do over the next three years (2022-2025) to provide the support, the changes and the development we need as an organisation to bring out the best in our people - and what we expect from our staff to help us deliver that ambition.

We have accomplished a lot since NRW was established, from managing the redesign of the organisation through to supporting each other through the recent Pandemic but we know that there is more to do to close the gap on where we want to be as an organisation. Changes in the labour market mean that we are increasingly challenged to recruit staff of the right calibre and the Pandemic has triggered a broader societal discussion around how we work. We need to keep pace with these wider changes and rethink and transform what we do to engage and bring people into the organisation and create the right culture and support mechanisms for them to thrive.

As an organisation, we are committed to developing our people to enable them to fulfil their potential, ensuring we have confident leaders and managers that inspire, and creating a safe working environment where our staff feel genuinely connected to each other and our purpose as an organisation. We want to ensure that we have a compelling offer that attracts, and retains, the people that we need to help us deliver on our mission. In turn, we expect our staff to help us fully embed our values in all that we do, help us to create a genuinely diverse and inclusive culture and take individual and collective responsibility to enable us to become an excellent, high-performing organisation.

#Team NRW Values	
•	We are passionate about the natural environment of Wales
•	We care for each other and the people we work with
•	We act with integrity
•	We make a difference now and for the future
•	We are proud to serve the people of Wales

What are we aiming towards – and what are we going to do

This Strategy identifies five key areas of focus. For each priority, we set out the outcome that we are working towards, the key objectives that we will deliver over the life of this Strategy (2022-2025), along with the key indicators that we will use to assess whether we

are moving in the right direction. Some objectives / indicators are likely to contribute to or apply to more than one outcome.

[1] We attract and retain the people we need to tackle the climate and nature emergencies

The climate and nature emergencies are existential challenges. We need staff who are aligned and committed to our values and purpose as an organisation so that we can play our role in tackling these emergencies – and we want to be identified for our values and purpose. We will attract and retain the people we need by being an employer of choice, one that recognises people’s achievements, rewards them fairly and supports the development and aspirations of staff at all stages in their careers. Our staff will be committed, engaged and actively play a part in shaping our future as an organisation.

Our Objectives

- We want our values and purpose to guide all that we do as an organisation. We will develop and implement a plan to further embed our values, which were inspired by our staff, into our organisational identity and ways of working.
- Attract a pipeline of new talent into the organisation through various early career development opportunities, such as placements and apprenticeships, setting out our approach in a Resourcing Strategy.
- Review our recruitment arrangements to ensure that they support our diversity and inclusion aims and reflect our values in the recruitment process. We will also implement an e-recruitment system which will help to make the process simpler and quicker for recruiting managers as well as applicants.
- Review and benchmark our approach to Reward and Recognition, to ensure that our overall benefits package remains competitive, attractive and fair.
- Maintain and further develop our support for flexible-working arrangements and locations as part of implementing Adfywio, our post-Pandemic Renewal Programme.

Our Indicators

- Analysis of data including recruitment statistics (including diversity, age demographics and turnover/attrition rates)
- Organisational reviews on external websites
- Periodic comparison and benchmarking data
- Data/information on staff leavers / Feedback from recruitment surveys
- Apprentices/Placements moving into permanent employment

[2] We invest in our staff and support them to develop and grow

Our staff need to have the right skills and capabilities to deliver for the people of Wales. We will ensure that new staff are set up for success with a comprehensive induction programme. We will support and invest in our staff to develop their personal and professional skills and knowledge throughout their careers, helping them achieve their full

potential and in line with their personal goals. We expect staff to proactively take responsibility for their training and development to support their personal growth and enable NRW to become a high performing organisation.

Our Objectives

- Ensure all new staff undergo a formal induction programme which reflects our organisational priorities and working practices.
- We have defined career pathways for all key roles/professions, based on structured capability frameworks that are linked to individual training and development plans.
- Managers and staff are able to proactively track and monitor their training and development through a learning management system.
- Implement a revised Performance Management system that brings out the best in people, drives high-performance, ensures consistency and accountability and aims to tackle under-performance quickly and effectively.
- Staff have the opportunity to share skills and knowledge with others internally and externally.

Our Indicators

- Staff engagement and development indicators within Staff Surveys
- Training investment and return on investment, mapped against service areas
- Movement of staff across different functions and internal vacancy filling success
- Business Critical roles identified across the organisation with clear succession plans in place
- Staff attrition rates

[3] We have confident leaders and managers who live and breathe our values and vision

What we do as an organisation is critical for the wider wellbeing of Wales and our work is underpinned by our values. We expect our leaders and managers, from Team Leaders through to the Executive Team and Board Members, to be ambassadors for our values. We will support our leaders and managers, at all levels, to develop and grow, so that we do the right things in the right way and nurture a high-performance culture.

Our Objectives

- Ensuring our leaders do the right things in the right way by further developing our Leadership Development Strategy, building on initiatives such as 'Ymlaen', our leadership development course for new leaders.
- Ensuring that our leaders and managers have the right skills and tools to manage in our hybrid working environment, with more staff increasingly working from home for some or all of their time – and that we have a programme to ensure best management practices are continuously refreshed.
- Identify and develop our leaders of the future, at all levels, by implementing a Succession Planning framework.

- Develop an Assurance Plan for the organisation, ensuring that our managers are clear about their specific management roles and responsibilities and in so doing, helping to develop a high-performance culture.

Our Indicators

- Leadership and Engagement indicators within Staff Surveys
- Feedback from external organisations / customers / stakeholder on our values & behaviours
- Key Management Information (Performance and Development Plan completion rates; poor performance rates, management compliance indicators)
- Analysis of information drawn from exit interviews
- Analysis of trends within audit reports

[4] We have an inclusive culture and our staff feel connected with each other and the communities they serve

We will nurture an open, inclusive and fair culture that increasingly reflects the communities of Wales and supports the development of a genuinely bilingual organisation. We believe that when people can bring their whole selves to work, they will be more effective and productive. We expect staff to be inclusive in all that we do, to embrace diversity and to challenge behaviours that undermine our values. Our connectedness, with each other and the communities we serve, underpins how we work – from day one, we enable our staff to build their understanding and networks so that we can engage and collaborate effectively to deliver for Wales.

Our Objectives

- Implement our Diversity and Inclusion Action Plan, including progressing actions in relation to reviewing our recruitment process and embedding diversity and inclusion across the breadth of what we do.
- Implement and annually update our Staff Engagement Plan, giving staff a voice and the opportunity to influence, shape and inform our plans and initiatives.
- Agree and implement our vision for the Welsh language and our plan to embed and increase the use of the language across the organisation.

Our Indicators

- Staff Engagement Index scores & Customer perception surveys
- People metrics data on diversity (e.g. vacancy filling; flexible working requests; special leave requests)
- Gender Pay gap
- Surveys covering inclusivity within NRW and views/feelings towards the Welsh language
- Welsh language training / qualifications

[5] We look after our staff, helping them to be safe and healthy

What we do matters. Our work presents us with a range of challenges, demands and pressures - but it can also be incredibly fulfilling and purposeful. We will continue to nurture an environment where wellbeing, health and safety are actively promoted, and where staff feel engaged, empowered and actively contribute to making us a healthier and safer organisation. Our staff need to be able to bring their whole self to work if we are to address the challenges that Wales faces – and we will provide an environment in which they can perform to their potential.

Our Objectives

- Workplace health and wellbeing is critical to our success as an organisation. Underlining our ambition in this area, we aim to improve on our existing Corporate Health Standard (working to achieve 'Gold' accreditation), and continued staff involvement will be critical to this endeavour.
- Continue to improve our Health and Safety performance across the organisation, retaining and further embedding the ISO 45001 standard. This will involve supporting staff to understand their responsibility and take appropriate and timely actions to contribute to a safe and healthy working environment.
- The Pandemic has changed how we work. We will ensure that Adfywio, our Renewal Programme, supports the wellbeing, health and safety of an increasingly home-based workforce, understanding the challenges, pressures and opportunities that this way of working entails.

Our Indicators

- Our Wellbeing, Health and Safety Standards
- Health and safety incidents / near miss reporting
- Workforce data around time off (incl. sickness absence; annual leave)
- Measure use of wellbeing hour and environmental leave days
- Staff/Pulse surveys

How the People Strategy fits in to the bigger picture

The implementation of our People Strategy enables and underpins our purpose as an organisation and our work to tackle the climate and nature emergencies. It also supports a number of other important initiatives and programmes. As part of Adfywio, our post-Pandemic Renewal Programme, we will be working to ensure that we have the right People policies in place to support our hybrid-working model, that we have clarity on issues such as location of work and accommodation and that we provide appropriate support to leaders and managers to effectively lead and manage in this new environment. We will ensure that our managers are clear about their roles and responsibilities and that there is effective performance management across the organisation, supporting the broader aims of our 3 Lines of Defence Programme of becoming an excellently managed organisation. Ensuring that our staff reflect our organisational values and an inclusive approach in all that they do

will contribute towards implementing our Customer Strategy and we will need to ensure that we build digital skills and capability to help deliver on our Digital Strategy.

The Strategy also sets the overarching context for a range of specific People policies and strategies. As an organisation, we have specific strategies in place to support particular objectives, such as our Wellbeing, Health and Safety Strategy and our Diversity and Inclusion Strategy. The People Strategy has identified other areas where we need to address gaps in our strategic plans, such as our approach to Resourcing going forward and our Welsh Language Strategy. Alongside the Strategy, we will continue to refine and update our Workforce Plan, which focuses on workforce management, including our financial sustainability, across the organisation as a whole. As part of this work, we increasingly aim to align our Workforce Planning activities with our Business and Financial Planning – ensuring that people are at the centre of our delivery plans.

How we will deliver the Strategy

This Strategy has been developed with significant input from across the organisation. We have involved our People Board, our organisational Staff Engagement Panel, our Senior Leadership Teams, the Trade Unions and our Board sub-committee which looks after People matters (the People and Remuneration Committee). In particular, we have used insights from evidence that has informed our Workforce Plan and feedback from staff gathered through various organisational surveys.

We will deliver it by engaging and involving the whole organisation. Each of us has a role to play as individuals. Placing our values at the heart of what we do, committing to our individual personal development, leading confidently and managing effectively - these are all steps for which we need to take personal responsibility and are critical to us becoming a high-performing organisation. Our People Management and Organisational Development Teams will have an important role in enabling the delivery of a number of the objectives within this Strategy – and they will do so working closely with our existing governance structures including our Business Boards and the Leadership Team.

Our newly constituted People Board will play a key role in advising on the strategic direction and detailed policies within the Strategy, with the Executive Team (ET) and our People and Remuneration Committee (PaRC) also having key roles, both in terms of decision-making and monitoring delivery. The People Board includes representatives from across the organisation as well as staff and Trade Union representation and will help to maintain a focus on the delivery of our strategic outcomes as well as review and evaluate our interventions. We will review progress regularly with the People Board, ET and PaRC. Other fora, including our Wellbeing, Health and Safety Committee and our Trade Union Partnership Committee, will also have a role to play.

November 2021

Board Paper

Paper title:	Tree health update including <i>Phytophthora pluvialis</i>
Paper Reference:	22-01-B13
Paper sponsored by:	Ceri Davies, Executive Director of Evidence, Policy and Permitting.
Paper Presented by:	Dominic Driver, Head of Land Stewardship, Andrew Wright, Senior Specialist Advisor – Tree Health and Knowledge Transfer,
Purpose of the paper	Information/Awareness
Recommendation	That you note the information.

Issue

1. Trees and woodlands are vital environmental, economic, and social assets and are essential to biodiversity and economy of the rural and urban environments. Trees are facing increasing threats to their health and condition through global travel/trade and climate change. Collectively, we must tackle these threats to reduce the risk of occurrence and improve the ability for woodlands to resist and recover from outbreaks.
2. Following recent confirmed findings of another new disease, *Phytophthora pluvialis* across the UK (including Wales), this paper provides an update on NRW's role in Tree Health. In addition, Annex A provides background to Specific Key Pests affecting or that have the potential to affect Welsh woodlands and Annex B provides specific information regarding the current finding of *Phytophthora pluvialis* in Wales.
3. In recent years, there has been a significant increase in the impact of pests and diseases across Wales, UK and Worldwide. For instance, *Phytophthora ramorum* and ash dieback affecting Welsh treescapes, *Ips typographus* devastating commercial forestry (Norway spruce) in Europe (now present in Kent) and the massive impact of Mountain Pine Beetle on lodgepole pine in North America (estimated loss of 55% of marketable pine).

Background

4. The general principle for disease control (Biosecurity continuum) is: 1) prevent pest from leaving the originating country (collaboration), 2) to prevent pests entering the UK (border controls), 3) early detection and eradication within country (surveillance/

regulation). This is closely linked to adapting and managing woodlands to ensure resilience.

5. On average, a new pest is found annually in the UK mainly in England due to the primary destination for imports and proximity to European landmass. This increase is linked to a combination of global trade (both plants and wood packaging material (WPM)).
6. Tree and Plant Health is a 'Devolved Matter', but it cannot be considered solely on a country basis and requires wider collaboration. Welsh Government (WG) are the competent authority for Tree Health in Wales. They work with a number of partners including NRW to deliver a strategic and operational response for pests and diseases. As a result, Welsh Government delegate certain Plant and Tree Health functions to NRW, Animal and Plant Health Agency (APHA), Forestry Commission (FC) and DEFRA. Forest Research (FR) act as the main scientific advisors for tree health across the UK.
7. NRW's role is as regulators, land manager and advisors. Our regulatory and advisory functions are established through a Section 83 agreement under the Government of Wales Act 2006 and an associated Memorandum of Understanding (MoU) that sets out roles for Welsh Government, NRW, Animal and Plant Health Agency (APHA), Forestry Commission (FC) and Forest Research (FR). This MOU is currently being reviewed and updated. It sets out the general position of our core tree health work funded through Grant in Aid (GiA) and additional work as requested by Welsh Government (subject to additional funding). NRW role covers trees and woodlands in the wider environment whereas APHA lead on pests affecting private and public gardens, public parks, and the horticultural/nursery trade. NRW works closely with our partner organisations to share information and knowledge and ensure swift and consistent responses to new findings.
8. On a UK level, DEFRA takes a strategic role for Tree Health, including horizon scanning and reporting of new findings to the European Plant Protection Organisation (EPPO) and the EU. Known plant health pest (both present and potential) are included on the UK Plant Health Risk Register. There are approximately 1232 pests on the register with 410 pests affecting trees. FC and APHA take the lead role with regards to importation and exportation of plants, timber and WPM e.g. pallets. FR undertake an annual aerial survey for tree health, assist in follow up survey work and during an outbreak and provide most of the research and laboratory analysis.

Assessment

9. New pests and diseases able to affect Wales are almost inevitable and we need to further develop our capacity and capability to deal with them when they occur. The new MoU is key. It will provide the framework within which we can respond to outbreaks in an orderly fashion. Whether we can get it right is determined mainly by dependencies external to the MoU, particularly the current multi-year budget.

Recommendation

10. That you note the update.

Key Risks

11. At strategic risk level the issues are a contributory factor for Strategic Risk 01, “Insufficient funding (medium term)” with the actions in this update part of the further actions already underway. At Business Board level the relevant Land Stewardship Risk 4 is “Inability to deal with tree pests and diseases on the NRW Estate” with, “Uncontrolled spread of tree pests or diseases reduces our ability to achieve benefits from our wooded estate and requires us to take action in crisis mode” as the consequence. At the last routine quarterly review in October 2021 this was assessed as stable and high risk (impact major, likelihood probable) with the MoU the key further mitigation action, which is why Head of Land Stewardship is leading on the overall MoU. The risk will be reviewed again at the January 2022 Land Stewardship Business Board.

Next Steps

12. The MoU with the Welsh Government is at final draft stage and will come to the Chief Executive for sign-off in February 2022, subject to due diligence.

Financial Implications

13. The financial implications are minor for the current pests **at this stage**. Some (c2 Full Time Equivalents over four months) resources within the Forest Regulations and Tree Health Team have been diverted, resulting in delays in other areas of work and there are c£10k costs through use of contract surveyors in 2021/22.
14. Should *Phytophthora pluvialis* become more significant there may be future costs for land managers associated with compliance with destruction notices, including for the NRW Estate. This will be re-assessed as more evidence is gained.
15. The worst-case scenarios include major impacts. For example, in 2012 the outbreak of Asian Longhorn Beetle in Kent (probably a result of importation) is estimated to have cost approx. £2 million to eradicate. However, our current judgement is that the likelihood of such scenarios is unlikely.

Equality Impact Assessment (EqIA)

16. Not Assessed

Andrew Wright, Senior Specialist Advisor – Tree Health and Knowledge Transfer
8th January 2022

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Annex A – Update on Tree Health in Wales

Annex B – *Phytophthora pluvialis* Briefing Note

Annex A: Briefing Note on Tree Health in Wales

Key Points / Latest Position

There has been a significant increase in impacts from pests and diseases of trees in Wales in recent years. Of particular note are *Phytophthora ramorum* (*P. ramorum*) which is a notifiable disease on larch trees, and ash dieback on ash trees. As well as interception of Oak Processionary Moth on imported trees in 2019. The recent findings of *Phytophthora pluvialis* are detailed in Annex B. This increase is linked to both global trade that enabling pests and diseases to move long distances **and** changing climate which is enabling establishment and development of new pests and diseases

Diverse healthy forests are more likely to be resistant to new pest and diseases. There is greater likelihood of pests and diseases becoming established or have significant impact on stressed trees and forests, and we need to consider further diversifying our own forests and encourage others to do similar. We need to be adaptable to the most appropriate management techniques including high quality targeted thinning programmes as well as increasing the area and number of other minor species.

We need to continue monitoring for new pests and diseases and work with colleagues from other organisations to identify key risks from future pests. We also need to embed the culture of biosecurity into our working routine and to provide staff with the relevant skills to identify signs and symptoms of ill health in trees to allow quick response for new pests.

We work closely with other agencies in Wales and across GB protecting the ecology and productivity of our forests, woodlands and trees through our roles as land manager, regulator and advisors Welsh Government (WG). New pests and diseases are almost certain, and we need to further develop our capacity and capability to deal with them when they occur.

Notable Pests affecting Wales

Ash Dieback

First confirmed in the UK in 2012, ash dieback is a disease of ash trees caused by a fungus. Ash trees are the 2nd most common native tree species after oak. Ash trees across much of Wales are symptomatic of ash dieback, and it is expected that the majority of ash trees will subsequently die from or be significantly affected by the disease in the coming years. Current research predicts between 75-90% loss of Ash trees over the coming year and mortality will general be a result of other factors on tree stressed by ash dieback.

The cumulative impact of ash dieback means that for NRW tree safety management is no longer business as usual. We now carry out annual inspections for ash dieback on trees in the high and medium risk public safety areas on our land. This is followed up with tree felling/surgery as appropriate to fulfil our duty of care for health and safety. Where the presence of European Protected Species (bats) has been identified, there can be delays in obtaining licence to disturb. Additionally, we are finding it increasing difficult to get suitable skill/qualified contractors as the demand for ash felling increases across all sectors. Areas

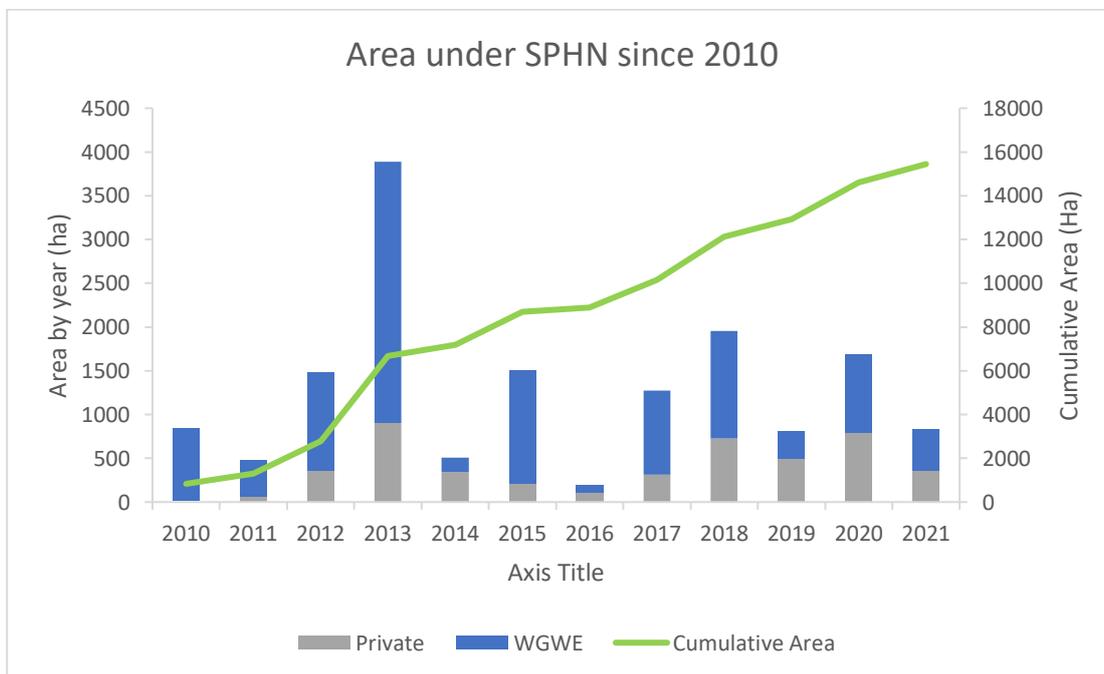
of lower health and safety risk will be managed to maintain the ecological value of ash where possible. This is not just a land management issue because of the nature of the disease and the fact that it is widespread across the landscape there will be implications for other parts of NRW, mainly in our regulation teams.

***P. ramorum* on Larch**

NRW continue to carry out detailed annual aerial and ground surveillance. 2021 saw extensions around known outbreak sites in the Disease Limitation Zone in north and upper mid Wales. Although, there was overall reduction in area (circa 1,000 ha) of new infections compared to 2020 (Fig. 1).

As land managers, we are working hard to comply with all Statutory Notices (SPHN) on the NRW Estate and we met 70% of all notices issued with a compliance date of March 2021. The non-compliance is due to a number of factors, such as difficulties on site, protected species and availability of contractors, and ability to market timber in short timeframe. In such cases, further time will be granted by the regulator.

Figure 1 - Area of *P. ramorum* infection since 2010 (all Wales)



Other Pests and Disease Present

Oak Processionary Moth (OPM)

OPM was first introduced to London in 2005 on large, imported trees and is a hazard to human and animal health. It is not established in Wales and in England it is subject to a significant survey and control programmes to minimise its population, spread and impacts. Despite this, the moth has become established in South-East England with the range increasing annually.

Following findings on imports of oaks in England in 2019, NRW managed a Wales-wide survey of all known imported oaks over 3m in height. OPM was found on three sites in Wales. The infested trees were destroyed under Notice and NRW instigated a pheromone trapping (monitoring) program around the sites; 2021 was the last year of trapping and to date there is no evidence of the moth becoming established. As a result of the findings across UK in 2019, the legislation on importing of oak trees was tightened to reduce the risk from importation. It is anticipated that at some future time, OPM will be found in Wales as the range extends or through internal movement of infested trees. NRW need to be in a position to respond to any findings and will need to communicate risks to public.

Green spruce aphid

Green spruce aphids are a defoliating pest of Sitka spruce (*Picea sitchensis*) that may become more damaging in the future as a result of climate change. The level of aphids (and damage) is linked to climatic conditions during winter. Cold winters will reduce the number, and every 5-7 years there is an explosion in the population, this causes loss of green needles and impacts on the growth (yield) of the infested trees. Recent mild winters and higher spring temperatures have increased the frequency of high population levels. There are no control measure and diverse, healthy woodlands would reduce the ability for build-up of populations.

Neonectria canker of fir

Neonectria canker of fir is a damaging disease of fir trees, particularly noble fir and caused by a fungus called *Neonectria neomacrospora*. It causes severe cankers, or lesions in the bark, leading to crown dieback, and can lead eventually to the death of the tree. In 2015, the disease was first found on trees in Wales, and following a wide survey program, it has been confirmed on a number of sites. At this stage the level damage is minor, resulting in some mortality, but the increased level of infection may be a result of climate change and we may see greater level of damage. NRW will monitor increase levels and impact.

Swiss Needle Cast

Swiss needle cast is a fungal disease in Douglas fir that causes loss of needles and reduced ability to photosynthesis. This tends to reduce the density of the green crown resulting in loss of growth and yield. It is widespread and currently relatively insignificant although there has been an increase in reports over the past 5-10 years possibly due to climate change. Additionally, trees suffering (stressed) from Swiss Needle Cast may be susceptible to other diseases such as *Phytophthora pluvialis*.

Eight-toothed European spruce bark beetle (*Ips typographus*)

Eight-toothed European spruce bark beetle **is not present** in Wales, but is present in Kent and under eradication. It is a destructive pest of spruce trees (primarily Norway spruce) as well as some conifers. It is present (native) to central Europe and as a result of increases in winter temperatures, the population levels have significantly increase. This has resulted in significant economic damage to spruce trees across much of northern Europe.

Norway spruce is the preferred host for the beetle, and the potential impact on Sitka spruce is considered be low (unfavourable to the beetle). Where any spruce is stressed,

and where with high populations level, Sitka spruce may be acceptable to the beetle. In such scenarios, the economic damage to the UK most commercial conifer will be significant. NRW will monitor for the pest, support stringent regulations. Reduce stress on spruce through thinning and management windblow quickly where risks are high.

Acute oak decline

Acute oak decline is a disease of oak trees which has been emerging in England and Wales since the end of the 20th century.

While notable because it can kill oak trees, it is not a major issue in Wales including on the NRW Estate nor is it a regulated disease.

Risks

Risk level for Tree Health impacts across Wales are rated high both because it is probable that new pests and diseases will appear and because our own readiness to deal with outbreaks needs further strengthening. We could fail to respond adequately to outbreaks both operationally (on land in our care) or through incident management (regulatory control). The consequence we need to avoid is an uncontrolled outbreak resulting in significant reduction in benefits from woodlands in Wales and/or requiring us to take action in crisis mode. Our past experience of *P. ramorum* is an example of this risk materialising.

We are now managing the risk of *P. ramorum* and Chalara ash dieback adequately if under challenging resource constraints. *P. pluvialis* (see Annex B) is probably adequately managed but the current uncertainty about its impact exacerbates risk levels so we are taking a flexible and pre-cautionary approach. An uncontrolled outbreak of OPM could be very high impact due to public health concerns and *Ips typographus*, if it readily infects Sitka spruce in UK conditions could have a catastrophic impact on the UK timber industry, which remains dominated by Sitka spruce.

The other diseases listed are lower risk but the cumulative effect on risk allied to the almost certain increase in levels of stress in forest trees due to climate change means we need to continue to take action as described above.

Andrew Wright, Senior Specialist Advisor, Tree Health and Knowledge Transfer, Land Stewardship 10th Jan 2022



Annex B: Briefing Note *Phytophthora pluvialis* in Wales

Key Points

***Phytophthora pluvialis* was confirmed in Wales** on 8th Dec. 2021 in Dyfi Forest, Gwynedd part of the Welsh Government Woodland Estate (WGWE). A 2nd finding was confirmed on 16th Dec. 2021 at Crychan Forest, Llandovery. 10s of sites are being surveyed each week and more findings are almost certain.

P. pluvialis is a fungus-like pathogen known to affect a variety of trees including Western hemlock, Douglas fir, tanoak, and certain pine species (*Pinus radiata*, *Pinus patula* and *Pinus strobus*). The finding is a result of a survey following confirmation in Cornwall, Devon, Cumbria and the Scottish Highlands.

Our current judgement is that the impact of *P. pluvialis* is manageable with low risk from disruption to, for example, harvesting on the WGWE. However, it does require a well ordered regulatory and operational response from us, Welsh Government, our other public sector partners and the forest industry in Wales. So far, we are achieving this. This is a newly found disease in the UK and behaving in ways not seen in its previously known range. Therefore, there is uncertainty so while our current judgment on risk is reasonable, we are taking a precautionary approach that we can flex as evidence strengthens.

The impact:

- **Environment** – This disease has only been found on non-native conifer species. At this stage, there is no evidence to show the disease will affect native trees or habitats. Forest Research (FR) will assess against a range of species under laboratory conditions. Western hemlock appears to be the main host in UK.
- **Regulations** – The disease is classed as “Present in the UK under eradication”. The Welsh Government plan to introduce Demarcated Areas (DMA) around each finding, each covering c120km². This will prohibit the movement and processing of susceptible material (timber and plants) without written authorisation. For processing premises licenses will be issued by the Forestry Commission. The details regarding permission to move susceptible material is currently being finalised with Welsh Government and it is likely that either NRW or FC will be responsible for issuing movement authorisation. NRW will be responsible for enforcement of the DMA and for issuing Statutory Plant Health Notices (SPHN), which for eradication would require the destruction of all susceptible species (of similar age class) within a 100m+ distance.
- **Land Managers** – need to respond to any destruction notices within a short timescale. Additionally, a demarcated zone may delay movement of harvested timber until processors are licenced to take material from infected sites

What we are doing

- **What we are doing:** NRW is working closely with Welsh Government and UK partners. We are members of a Welsh Incident Management Team (IMT) as well as the UK IMT.

- **Surveillance** - NRW's Forest Regulations and Tree Health Team are surveying in detail around the confirmed sites as well as a wider survey of 250 sites across the WGWE by March 2022. The WGWE initially because we have good information and easy access and until there is regulatory justification for inspecting private sites outside demarcated zones. Surveillance is through a mix of NRW and Forest Research (FR) staff, along with specialist contractors following training in South West England. We have rapidly procured tablets and arranged use of the UK wide GIS survey recording software. An aerial survey of Wales, including the confirmed sites was carried out early January 2022. We are also investigating the use of drones for suspect sites.
- **Operations:** operational staff are planning the response to any future SPHN and communicating with local stakeholders within the potential demarcated zones, e.g.: a mountain biking enterprise at Dyfi. There is a live harvesting site at Dyfi. The timber sales and marketing team is in touch with our harvesting customer. Further sales in the potential demarcated zones have been paused. We expect the Dyfi zone to be demarcated in week commencing 17th Jan. 2022.
- **Incident management:** We have set up a Tactical Incident Response Group (TIRG) with a weekly operational rhythm dovetailing with the UK and Welsh Government's IMTs. It is Chaired by Head of Land Stewardship acting as Head of Plant Health.
- **Strategy:** The partners across UK are considering what the "eradication" regulation means in practice. As at 6th Jan. 2022, NRW's incident management priorities were, "Survey, understand extent of findings, plan operations safely and to the right environmental standard so we can implement in accordance with the evidence." In the absence of a pest specific contingency plan, we are following the UK Generic Contingency Plan for new disease outbreaks.

Risks

Worst case Scenario: Douglas fir is significantly affected, resulting in widescale felling of Douglas fir and planting restrictions. This would mirror the impact of *Phytophthora ramorum* on larch, albeit in Wales there is less Douglas fir than there was larch and larch planting tended to be in large blocks on steep hillsides, often close to communities where removal was hard to manage. This would result in the loss of species diversity (and resilience) in commercial forestry. Based on our current knowledge and judgement, the worst-case scenario is unlikely.

We are working with partners to understand the impacts. Our best estimate is that this will result in some mortality of western hemlock on some sites where trees are stressed. Over the next 3 months, further evidence will be obtained from wider UK ground surveys, which will feed into the understanding of the impacts and steer the statutory response. It is anticipated that the current "Eradicate" option will be reviewed in 3-6 months and changed to containment or even consider endemic.

Background

These are the first reported cases in Europe. Previous reports of *P. pluvialis* have been limited to the Pacific North-West (USA) in Western hemlock and Douglas fir and occasionally tan oaks (2013) and in New Zealand on radiata pine (2014). APHA is researching pathways into and spread within the UK.

Douglas fir and Western hemlock form part of a suite of trees used for species diversity in timber producing woodlands. Douglas fir is a key current and future timber tree and widely

planted. Western hemlock has rarely been planted in recent times but it self-seeds readily and is beginning to be more favoured.

Media lines to take

Dominic Driver, Head of Land Stewardship for Natural Resources Wales said, “Wales’s woodlands are one of its most valuable resources economically, socially and environmentally. The twin threats of climate change and new pests and diseases mean we all have to work hard to safeguard them as part of a nationwide team. Following a UK contingency plan set up in advance to deal with this kind of outbreak, we are surveying NRW managed land to understand more about the extent of the outbreak in Wales. With Welsh Government and partners in Wales and across the UK, we are researching how to respond to the disease and limit any impacts as much as possible.”

Further detail

UK Government webpage [P. pluvialis - GOV.UK \(www.gov.uk\)](https://www.gov.uk).

Press release: [First case of tree disease P. pluvialis discovered in Wales | GOV.WALES](#)

Key facts and figures

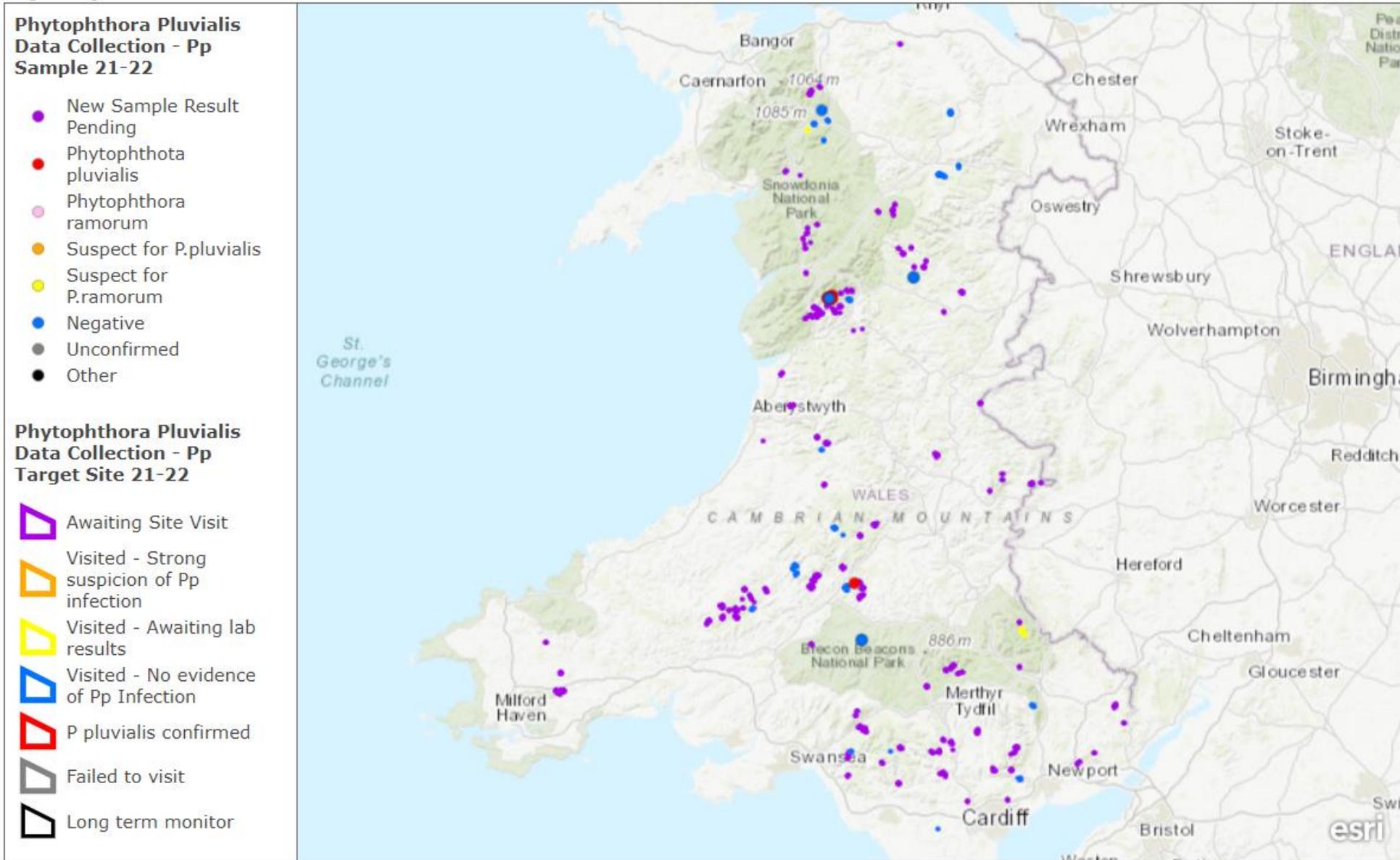
There are c9,000 ha of Douglas and c1500 ha of Western hemlock across Wales. On the WGWE, Douglas fir is the 2nd most planted species with 1,480ha of restock in the last 10 years. 0.9ha of Western hemlock were planted in the last 10 years, all in the last 2. There are 954ha of Western hemlock and 6,283ha of Douglas fir on the WGWE. For comparison, there were 13,000ha of larch on the WGWE in 2007 before *Phytophthora ramorum*. Further evidence is needed but our current judgement is that *P. pluvialis* is less risky than *P. ramorum*.

Contact: Andrew Wright, Senior Specialist Advisor - Plant Health and Knowledge Transfer

Contact details: andrew.wright@cyfoethnaturiolcymru.gov.uk

Date: 10/12/21 Updated: 14/12/21 Updated 04th Jan 2022 Updated 6th Jan 2022

Appendix 1: Extent of Surveillance and findings as at 6th Jan 2022



Paper title:	Proposed changes to the Statutory and Legal Scheme (SaLS)
Paper Reference:	22-01-B14
Paper sponsored by:	Clare Pillman, Chief Executive
Paper Presented by:	Colette Fletcher, Head of Governance & Board Secretary
Purpose of the paper	To seek approval for proposed changes to the Statutory and Legal Scheme (SaLS) from the Regulatory Business Board
Recommendation	To approve the proposed changes to the Statutory and Legal Scheme (SaLS)

Issue

1. This paper presents for approval a proposed change to the Statutory and Legal Scheme (SaLS) from the Regulatory Business Board, which has been submitted outside of the annual review process in advance of an urgent piece of work to be undertaken on behalf of Welsh Government.

Background

2. The Governance Team conducts an annual review of the Statutory and Legal Scheme (SaLS), but occasionally we receive requests for updates outside of that process. We have recently received a request from the Regulatory Business Board to include a new entry related to Plant Health.
3. Welsh Government has requested that NRW implements the authorisation of the movement of timber starting from early/mid January following a recent finding of a regulated organism in Wales. NRW will be inspecting timber and issuing Movement Notices before dispatch from within demarcated zone/s.

4. Our procedures state that any new lines or sections in the SaLS, or changes to the delegated authority affecting the CEO herself or Executive Team members, must also be presented to the Board for approval.
5. This paper seeks approval from the Board for a change to the SaLS to incorporate the additional requested line. The proposal was approved by the Head of Governance & Board Secretary, Head of Legal Services, and the Chief Executive in January 2021.

Assessment

6. The Regulatory Business Board has requested that the new entry is included, which relates to Regulation 15 Official Controls (Plant Health and Genetically Modified Organisms) (Wales) Regulations 2020 and NRW's ability to serve notice allowing notice of movement of material in a demarcated zone.
7. Annex 1 presents the proposed entry to the Board for approval. There is no consequential effect on numbering for this section

Key Risks

8. SaLS is an important part of our governance framework and a failure to amend the current delegation level may leave NRW vulnerable to the possibility of allegations of perceived or actual conflicts of interest.

Financial Implications

9. There are no additional financial implications or considerations.

Equality Impact Assessment (EqIA)

10. The governance requirements affect all members of staff equally. No adverse effects are anticipated for any particular protected groups or characteristics.

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Annex 1 – NRW SaLS 2021 REGBB addition for Board approval

						Delegated Level			
	REF	Category	Sub-Category	Function	Applicable Board(s)	Section of legislation	Job Grade	Job Description	Link to MoM
Proposed	18.217	Regulatory activities	Permitting, licences and assents (excluding Fisheries) / m.) Forestry Regulations	Ability to serve notice allowing notice of movement of material in a demarcated zone	REGBB	Reg 15 Official Controls (Plant Health and Genetically Modified Organisms) (Wales) Regulations 2020	Grade 6	Senior Officer (Grade 6)	

Board Paper

January 2022

	Paper Details
Paper title:	Welsh Government Framework Document
Paper Reference:	22-01-B15
Paper sponsored by:	Clare Pillman, Chief Executive Officer
Paper Presented by:	Colette Fletcher, Head of Governance & Board Secretary
Purpose of the paper	For approval

Issue

1. Towards the end of 2020 we started work with the Welsh Government (WG) Sponsorship Team to review and revise the Framework Document that sets out the nature of our relationship with them and how we will work together.
2. The current version of our Framework Document (attached for information as Annex 1) was signed in 2014 and is now quite out of date. We were asked to pause this work earlier in the year due to the pre-election period and then while the new Minister and Department got settled and established, but we have now been given the go-ahead to proceed.

Background

3. The document uses a template designed by the Public Bodies Unit (PBU) and WG are keen to stick as closely to the template as possible for the sake of consistency across the Arm's Length Bodies, but we can request changes or clarification to ensure that the new Document is comprehensive, clear and up to date.
4. The draft document has been reviewed by the Executive Team, Finance, Governance, Legal and the Grants Team in some detail. It has also been shared with all members of the Leadership Team Group (LTG) to check for any unforeseen issues, and with a small subset of Board members for a Board perspective.
5. The draft has also been shared and discussed with the Sponsorship Team at Welsh Government.

Assessment

6. In summary the key changes are:
 - a. Information on specific responsibilities and accountabilities has been updated and moved from a previous Annex into the main document under the 'Governance and Accountability' section.
 - b. We have added specific paragraphs in relation to cybersecurity and information sharing responsibilities.
 - c. Information on performance management has been updated and moved from a previous Annex into the main document under the 'Reporting Requirements' section.
 - d. There have been significant changes to the 'Delegations' section to reflect the transitional arrangements that are now in place to provide assurance about the removal of the calling-in procedures for Arms-Length Bodies. However, in practice these actually represent very little change to our way of working.
7. The new draft Framework Document is attached at Annex 2 for the Board's approval.

Summary

8. This paper explains the key changes that have been made to the Framework Document between Welsh Government and NRW and sets out the process that needs to be followed for signature.

Recommendation

9. The Board approve the final draft of the Framework Document.

Key Risks

10. An out-of-date Framework Document risks confusion and lack of clarity about the nature of our relationship with Welsh Government and how we will work together, particularly in relation to calling-in arrangements. It would be particularly helpful to have the new Framework Document signed and in place for February to clarify governance procedures for the Incident Rota and Pay Award proposals.

Next Steps

11. Once approved by the Board, a finalised version of the Framework Document will be submitted to the CEO for signature.
12. Concurrently it will be signed on behalf of the Minister for Climate Change by the Director General for Economy, Skills and Natural Resources.

Financial Implications

13. None, although the Document does set out changes to some of our financial procedures.

Equality Impact Assessment (EqIA)

14. N/A

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Annex 1 – NRW Governance Framework Document

Annex 2 - NRW Framework Document 2020-21 onwards

NATURAL RESOURCES WALES

GOVERNANCE FRAMEWORK

1. Introduction

- (a) This Governance Framework has been drawn up by the Department for Natural Resources, Culture and Sport in consultation with Natural Resources Wales (NRW). It sets out the broad framework within which NRW operates and details the terms and conditions under which the Welsh Ministers provide grant-in-aid to NRW. A comprehensive overview of public financial management arrangements in Wales is provided by *Managing Welsh Public Money*. Payment of grant-in-aid is conditional upon the satisfactory performance by NRW of all its obligations as set out in this document and such other conditions and requirements as the Welsh Ministers may, in accordance with section 70 (2) of the Government of Wales Act 2006, from time to time impose. The document shall be reviewed periodically by the Welsh Government and NRW jointly but at no less than five yearly intervals. It is proposed that the first review should take place before the end of the two year probationary period, as with all new Welsh Government Sponsored Bodies (WGSB).
- (b) Copies of this document and any subsequent amendments will be placed in the Library of the National Assembly for Wales (the National Assembly) and made available to members of the public via the NRW website.

2. Purpose of Natural Resources Wales

- (a) Natural Resources Wales was established by the National Resources Body for Wales (Establishment) Order 2012. As a public body, its primary role is to fulfil its statutory responsibilities set within the context of the Welsh Government's strategic aims. Its main purpose is to ensure that the environment and natural resources of Wales are;
 - (a) sustainably maintained,
 - (b) sustainably enhanced, and
 - (c) sustainably used.
- (b) The functions provided for in the Establishment Order were those necessary to enable NRW to undertake the preparatory work ready to receive the full range of environment functions in April 2013.
- (c) A second order, the National Resources Body for Wales (Functions) Order 2012, amends a wide range of legislation in order to transfer to the new body functions exercised by Countryside Council for Wales, Environment Agency in Wales and Forestry Commission in Wales, along with certain licensing functions of the Welsh Ministers. It makes consequential changes to legislation, and amends the body's general powers and duties to reflect the range of functions being transferred to it.

3. Governing Principles

The *It Takes Two - How to create effective relationships between government and arm's-length bodies* report by the Institute for Government, March 2012, identifies Governing Principles defining relations between WGSBs and the Welsh Government. These principles have been used to develop this Governance Framework and are summarised as:

Joint mission and purpose

- Delivering for Wales
- Outcome focus and WGSB performance

Relationships between the Welsh Government and WGSBs

- Relationships defined by trust and risk
- Effective collaboration
- Effective communication

Governance and accountability

- WGSB chair and board are accountable
- Primary role of the board in WGSB oversight
- Effective performance management
- Delegation

Responsiveness to change

Joint mission and purpose

(a) WGSBs play a key role in the governance of Wales and meeting the aspirations of Welsh citizens. From the perspective of the Welsh Government, the primary role of a WGSB is to fulfil its statutory responsibilities and to meet objectives established by the Welsh Ministers using funds voted by the National Assembly for Wales. This relationship is conducted through a sponsorship arrangement managed on behalf of Ministers by the Welsh Government. WGSBs have diverse organisational forms, including charities and quasi-judicial bodies and can cover different jurisdictions beyond Wales. Whilst respecting this diversity, Ministers look to WGSBs primarily to deliver important functions and services for the people of Wales on their behalf.

(b) The aims of sponsorship are to:

- Build and maintain a positive relationship between the sponsored body and the Welsh Government which is based on mutual trust and respect, and open and honest communication.
- Ensure that the strategic aims and objectives of a sponsored body reflect and promote the wider strategic objectives of the Welsh Government.

- Provide the sponsored body with the support and guidance it requires, or may request, to achieve its objectives.
 - Encourage and promote high standards of corporate governance and financial accountability within the organisation to ensure its efficient and effective operation.
- (c) The NRW, Sponsor Team and relevant Welsh Government policy officials shall meet every four months to discuss performance of agreed outcomes. Informal regular meetings will be held between the Chief Executive of NRW and Director for Natural Resources (DNR). A monthly liaison meeting will be held between NRW and the Sponsor Team. The Chairman of NRW will also meet the Minister at least once a year to discuss progress and performance.
- (d) Within the constraints set by statute and Ministerial commitments, NRW objectives will be focused on supporting the outcomes that have been jointly developed by Welsh Government and NRW (Annex 2). NRW shall be given as much flexibility as possible in how these outcomes are achieved through developing clear plans that are relevant, challenging and promote innovation and efficiency. As part of NRW corporate planning, a performance framework that assesses the contribution of NRW in achieving the outcomes will be agreed with Welsh Government.
- (e) Properly structured and robust challenge and scrutiny of NRW is an essential part of the sponsorship role that supports public accountability. This is best exercised at a strategic rather than operational level, leaving the executive day-to-day management to the Chief Executive.
- (f) NRW will develop a Performance Framework around specific outcomes to support this common purpose and reflect the Department's role in the wider Welsh Government. Delivery for Wales requires a joined-up collaborative approach between Natural Resources Wales, the Welsh Government and others. The Performance Framework will be based on the Results Based Accountability principles and will include, for each outcome, a number of indicators (to show progress on outcome achievement) and performance measures for the specific programmes, activity and projects that are designed to achieve the outcomes.
- (g) Delivery by Natural Resources Wales should be underpinned by an evidence-informed approach. This will require collaboration between the Welsh Government, NRW and key stakeholders including academia, the voluntary sector, landowners, users, and industry. The approach should be based on the principle of "collect once use many times", with the aim of optimising the use of existing evidence. Shared ownership of the evidence base and joint working should be seen as normal.

Relationships between the Welsh Government and NRW

- (a) The relationship between the Welsh Government and NRW should be based on trust and mutual respect, with a proportionate approach to risk. Where there is evidence of poor performance or weak governance, the

Welsh Government will adopt a more prescriptive 'hands-on' approach to the relationship. The Welsh Government and NRW will ensure that sponsorship functions perform effectively and meet the expectations set out in the governing principles.

- (b) WGSBs are highly valued for their expertise and experience. WGSBs, the Welsh Government and the wider public sector recognise the importance of working together and building 'Team Wales', seeking opportunities for broader and deeper collaboration in policy development supporting each other and celebrating success. Opportunities to save money, identify efficiencies and improve effectiveness should be pursued energetically and jointly.
- (c) The Department for Natural Resources, Culture and Sport expects its WGSBs to be routinely involved in policy development where it is a delivery partner or has expertise. This involvement will be focused on outcome delivery across all delivery mechanisms, and not individual organisational objectives.
- (d) NRW and the Welsh Government form an extended family and undertake to maintain a consistent, respectful and collegiate approach to dealing with each other in public and private. All parties undertake to strive for effective communication, to be as open as possible, to share information and to manage contentious matters through dialogue and negotiation.
- (e) Communication should be based on the 'no surprises' principles that it is open, honest, constructive and consistent. Communication protocols should be agreed and there should be significant senior level involvement to ensure good strategic direction, and to reflect commitment to the relationship. Regular meetings shall be held between the department and NRW as well as meetings bringing together other departmental delivery partners.
- (f) The Sponsor Team should act as the principal access point to the Welsh Government for NRW and act as a source of authoritative advice (even if that advice is acquired from elsewhere).
- (g) There should be a clear structure for formal communication in respect of: data which is of mutual benefit; regular business planning; and, formal reporting and monitoring arrangements. This will include formal sponsorship meetings at Ministerial/Chair and Chief Executive level as appropriate to review performance and discuss cross cutting or specific issues arising.
- (h) Informal communication should take place whenever necessary between the Chief Executive, the NRW senior management team and officials, and members of the Sponsor Department.

Governance and accountability

- (a) The chairs of WGSBs are important figures in Welsh public life and will be appointed in accordance with the Code of Practice for Ministerial Appointments to Public Bodies. WGSB Boards are accountable to Ministers

for achieving the defined objectives, ensuring high quality corporate governance and for oversight of the executive, including the Chief Executive.

- (b) Governance and the internal control regime should be a matter primarily for the NRW Board. The Welsh Government will rely on the Board, internal audit and Wales Audit Office for assurance. The sponsorship role should focus on accounting for delivery of objectives and the management of relationships between the NRW and the Welsh Government. Clear roles and expectations for Ministers, Chairs, Boards, executives, Accounting Officers, sponsorship divisions and auditors should be set out in this Governance Framework (see Annex 1).
- (c) Whilst Welsh Government expects the norm to be good performance, effective governance and a respectful relationship, our approach will include a clear response to poor performance or other problems if they arise. Where there is evidence of poor performance in relation to objectives, management of funds, Board effectiveness or other aspects of governance, the Welsh Government has both the right and responsibility to become more involved and more prescriptive. Performance management will be risk-based, relying on evidence of robust internal control to support a lighter touch or alternatively to apply a stronger grip where risks are managed less satisfactorily (see Annex 2).
- (d) Welsh Government and the NRW Accounting Officer remain jointly accountable for public funds spent through NRW sponsorship. However, the routine sponsorship management regime should be only as prescriptive as necessary to be assured that public funds are managed correctly and that outcomes are being achieved cost-effectively. Financial responsibility will be delegated to the extent possible, consistent with Welsh Ministers and Accounting Officer responsibilities (see Annex 3 & 5).
- (e) There should be a clear knowledge of the respective roles and obligations as set out in the financial accountability element of this Governance Framework. This document should also reflect the relevance and importance of the audit process including management letters and additional assurance reports along with the sensitivity of Audit Committee recommendations and their implementation.

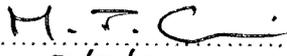
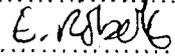
Responsiveness to Change

- (a) It may be necessary from time to time to reshape the functions and methods of service delivery of WGSBs or, where more appropriate, to review the continued relevance of their objects and constitutional arrangements. The Welsh Government may periodically conduct in-depth organisational or thematic reviews to ensure that its WGSBs remain fit for purpose and to make proposals for reform.

4. Citizen Centred Principles

(a) NRW must ensure that, in carrying out its functions, it does so in a way that is consistent the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Committee).

The terms of this Governance Framework were approved by the Minister

Signed.....  Director For Natural Resources
Dated..... 7/8/2014
Signed.....  Chief Executive [or other
nominated officer on
behalf of the Chief Executive]
Dated..... 29/7/14

List of Annexes

- Annex 1 Governance & Accountability
- Annex 2 Performance Management
- Annex 3 Delegation
- Annex 4 List of Government-Wide Corporate Guidance and Instructions
- Annex 5 Summary of Approval Requirements and Delegation Limits

Annex 1

Governance and Accountability

1.1 Legal Origins of Powers and Duties

- 1.1.1 NRW's powers and duties are set out in two Orders made by Welsh Ministers in exercise of the powers conferred by sections 13, 14, 15 and 35 of the Public Bodies Act 2011.
- 1.1.2 The National Resources Body for Wales (Establishment) Order 2012 No 1903 was made under powers contained in sections 13 and 15 of the 2011 Act. It established the body in a way that ensured that, prior to its having transferred to it the full range of appropriate functions, it would be able to undertake the preparatory work necessary to ensure the new body would be able to function fully from the first day it become responsible for all the environmental responsibilities to be transferred to it.
- 1.1.3 The overarching purpose ascribed to the body (article 4 of the Establishment Order) is to ensure that the environment and natural resources of Wales are sustainably maintained, sustainably enhanced and sustainably used. The Order also allows the Welsh Ministers to issue guidance to NRW as to how it should exercise its functions so that it fulfils this purpose.
- 1.1.4 A further Order, the Natural Resources Body for Wales (Functions) Order 2013 No 755 transferred the full range of environmental functions to NRW
- 1.1.5 The principal purpose of the Functions Order was to transfer functions to the NRW from the Countryside Council for Wales, Environment Agency Wales and Forestry Commission Wales, and to ensure that NRW's general functions were appropriate for the range of functions it will exercise. It therefore contains further general powers and duties of the body, updating those in the first order (the Establishment Order) to reflect operational needs. The Order transferred all CCW functions to the body (apart from functions which are removed in order to avoid duplication). It also transferred a number of wildlife licensing functions of the Welsh Ministers to NRW.
- 1.1.6 Most FC functions in respect of Wales were also transferred to NRW. The FC's powers to make subordinate legislation in relation to Wales, and its functions relating to plant health, were transferred to the Welsh Ministers.
- 1.1.7 EA functions were generally transferred to the body in relation to Wales (and remain exercisable by the EA in relation to England). Certain functions became jointly exercisable by the EA and NRW and a small number of functions continue to be exercised by EA on a UK-wide basis.
- 1.1.8 The transfer of functions was largely achieved by amending existing legislation.

1.1.9 The order also made provision to abolish the CCW and the Welsh Environment Protection Advisory Committee and Regional and the Welsh Local Fisheries Advisory Committee of the EA.

1.1.10 The details relating to the functions of the NRW are contained in the schedules to the Functions Order.

1.2 Roles and Responsibilities

Ministerial Responsibility

1.2.1 The First Minister has allocated responsibility for the oversight of Natural Resources Wales to the Minister for Natural Resources, Culture and Sport (the Minister). The Minister generally exercises functions of the Welsh Ministers in relation to the NRW in conjunction with any other Welsh Minister who may have relevant responsibilities at the time. The Minister, with the Minister for Culture and Sport sets the policy framework for NRW and is accountable to the National Assembly for its activities. The Minister shall meet with the Chairperson of the Board of the NRW each year to review performance and discuss current and future activities.

Accountabilities and Responsibilities of the Principal Accounting Officer

1.2.2 The Principal Accounting Officer for the Welsh Ministers is the Permanent Secretary to the Welsh Government. He/she has responsibilities specified by HM Treasury and is accountable to the National Assembly (through the National Assembly's Public Accounts Committee) and to the UK Parliament (through the House of Commons Committee on Public Accounts) for:

- the regularity and propriety of the Welsh Government's finances;
- the keeping of proper accounts of the Welsh Ministers; and
- the effective and efficient use of resources including the grant-in-aid voted to the NRW under the Welsh Government's Annual Budget Motion.

1.2.3 The Principal Accounting Officer is also responsible for ensuring that the financial and other management controls applied across the Welsh Government are appropriate and sufficient to safeguard public funds. He/she is assisted in these duties by the Director General for Sustainable Futures whom he/she has designated as an Additional Accounting Officer (AAO) and to whom he/she has delegated responsibility for the NRW.

Sponsor Department's Additional Accounting Officer's Accountabilities and Responsibilities

- 1.2.4 The Director General for Sustainable Futures is the Sponsor Department's AAO. He/she is responsible to the Minister and the National Assembly for ensuring that financial and other management controls applied by NRW conform with the requirements of both propriety and good financial management. Accordingly, the AAO is responsible for ensuring that an adequate statement of the financial relationship between the Welsh Ministers and the NRW is in place and is reviewed regularly; and for the quality of the Welsh Government's relationship with NRW.
- 1.2.5 The AAO is accountable to the National Assembly for the grant-in-aid awarded to the NRW and for advising the Minister:
- on an appropriate framework of objectives and targets for NRW in the light of the department's wider strategic aims and key delivery and performance indicators;
 - on an appropriate budget for the NRW in the light of the Sponsor Department's overall spending priorities; and
 - on how well NRW is achieving its strategic objectives within the policy and resources framework determined by the Minister and whether it is delivering value for money.
- 1.2.6 The AAO is also responsible for ensuring arrangements are in place to:
- monitor the NRW's activities and its financial position through regular meetings and returns;
 - address significant problems within NRW, making such interventions as are judged necessary;
 - periodically carry out an assessment of the risks both to the department and the NRW's objectives and activities;
 - inform the NRW of relevant government policy in a timely manner;
 - bring to the attention of the NRW's full Board any concerns about the activities of NRW, requiring explanations and assurances that remedial action will be taken; and
 - designate the Chief Executive of the NRW as its Accounting Officer.
- 1.2.7 The AAO has delegated responsibility for the day to day management of relations with the NRW to the Director Environment who heads the Sponsor Team within the Welsh Government.

Sponsor Team

1.2.8 The Sponsor Team in the Department for Natural Resources, Culture and Sport is the primary contact for the NRW. It is the main source of advice to the Minister on the discharge of his/her responsibilities in respect of NRW. It also supports the Sponsor Department's AAO on his/her responsibilities towards the NRW. The Sponsor Team will liaise regularly with NRW officials to review the NRW's financial performance against plans and the achievement against targets. The Sponsor Team will also take the opportunity to inform and explain wider policy developments that might impact on the NRW.

Accountabilities and Responsibilities of the Chief Executive as NRW Accounting Officer

General

1.2.9 The specific responsibilities of a WGSB Accounting Officer are set out in the Welsh Government's Memorandum "The Responsibilities of a Welsh Government Sponsored Body (WGSB) Accounting Officer". As Accounting Officer, the Chief Executive is personally responsible for the proper stewardship of the public funds for which he or she has charge; for the day-to-day operations and management of the NRW; and for ensuring compliance with the requirements of Managing Welsh Public Money. The Chief Executive may be assisted in the exercise of his or her role by employees of the NRW. The Chief Executive may also delegate the day-to-day administration of these responsibilities to those employees but remains responsible and accountable under this document.

Accountabilities to the National Assembly

1.2.10 The Accounting Officer of NRW is accountable to the National Assembly for the following:

- signing the accounts and ensuring that proper records are kept relating to the accounts;
- ensuring that the accounts are prepared and presented in accordance with any directions issued from the Welsh Ministers;
- signing a statement of Accounting Officer's responsibilities for inclusion in the annual report and accounts;
- signing an Annual Governance Statement for inclusion in the Annual Report and Accounts;
- giving evidence, including attending hearings, on matters relating to the NRW which arise before the National Assembly's Public Accounts Committee, other committees of the National Assembly, the House of Commons Committee on Public Accounts or other Parliamentary Committees, to account for the NRW's stewardship of public resources; and

- acting upon any recommendations of those committees that have been accepted by the Welsh Government.

Accountability to the Sponsor Department

1.2.11 The NRW AO is accountable to the Sponsor Department for the following:

- establishing, in agreement with the Sponsor Team, the NRW's corporate and business plans;
- informing the Sponsor Team of progress in helping to achieve the Department's policy objectives and demonstrating how resources are being used to achieve those objectives;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Sponsor Team; that the Sponsor Team is notified promptly if overspends or under spends are likely and that corrective action is taken;
- ensuring that significant problems are notified to the Sponsor Team as quickly as possible; and
- providing the Sponsor Team with such information about its performance and expenditure as the Sponsor Team may reasonably require.

AO Responsibilities in respect of the NRW Board

1.2.12 He/she is also responsible for:

- advising the Board on the discharge of its responsibilities as set out in this document, relevant legislation, the Minister's annual Remit letter or other communication; and any other guidance that may issue from time to time;
- advising the Board on the NRW's performance against its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions and that suitable financial appraisal techniques are followed;
- ensuring that a system of risk management is maintained to inform decisions on financial and business planning and to assist in achieving objectives and targets;
- ensuring that robust internal management and financial controls are introduced, maintained and reviewed regularly - including measures to protect against fraud and theft (such measures to incorporate a comprehensive system of internal delegated authorities); establishing procedures for handling complaints about the NRW; and developing and maintaining appropriate personnel management policies, all of which shall be readily available to all staff; and
- taking action as appropriate in accordance with the terms of the Accounting Officer's memorandum if the Board or its Chairperson is

contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, or, efficiency or effectiveness, questionable feasibility or is unethical.

The Chief Executive's role as Consolidation Officer

1.2.13 The Chief Executive is designated by HM Treasury as the NRW Consolidation Officer for the purposes of Whole of Government Accounts and must comply with the requirements of the Consolidation Officer Memorandum.

The Chief Executive's role as Principal Officer for Ombudsman Cases

1.2.14 The Chief Executive is also the Principal Officer for handling cases involving the Public Service Ombudsman for Wales.

Responsibilities of the Board of NRW

1.2.15 The Chair and Board members are appointed by the Welsh Ministers. Article 3 of, and paragraph 2 of the Schedule to, the NRW (Establishment) Order 2012 provides for there being not fewer than 5 nor more than 11 members in addition to the Chairperson.

1.2.16 The appointments are made in accordance with the Commissioner for Public Appointments' code of practice for Ministerial appointments to public bodies¹. The length of each appointment is determined by Welsh Ministers; in accordance with the code, no individual will serve in any one post for more than ten years.

1.2.17 Up to four other members may be appointed by NRW and are to be employees and are referred to in the Schedule as "executive members".

Collective Responsibilities

1.2.18 The role of the Board is to:

- provide effective leadership; defining and developing strategic direction and setting challenging objectives;
- promote high standards of public finance, upholding the principles of regularity, propriety and value for money;
- ensure that NRW's activities are conducted efficiently and effectively; and
- monitor performance to ensure that NRW fully meets its aims, objectives and performance targets.

¹ <http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-2012.pdf>

1.2.19 The Board must therefore ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. It must establish an Audit and Risk Assurance Committee chaired by a non-executive member (but not the Chair) to provide it with independent advice. The Board is also expected to assure itself of the effectiveness of the internal control and risk management systems.

1.2.20 The personal responsibility of the Chief Executive as Accounting Officer to ensure regularity, propriety and value for money in no way detracts from that of members of the Board, who each have a duty to act in a way that promotes high standards of public finance and for ensuring that the NRW's activities are conducted in an efficient and effective manner. They must not give the Chief Executive instructions which conflict with his/her duties as the NRW's Accounting Officer.

1.2.21 In particular the Board is responsible for:

- establishing and taking forward the strategic aims and objectives of the NRW consistent with its overall purpose and within the policy and resources framework determined by the Minister;
- ensuring that the Minister is kept informed fully of any changes that are likely to impact on the strategic direction of the NRW or on the attainability of its targets, and of steps needed to deal with such changes;
- ensuring compliance with any statutory or administrative requirements in respect of the use of public funds; that it operates within the limits of its statutory authority and any delegated authority agreed with the Sponsor Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the Welsh Government;
- ensuring that it receives and reviews regularly, financial information concerning the management of the NRW; that it is informed in a timely manner about any concerns as to the activities of the NRW; and that, where applicable, it provides positive assurance to the Minister via the Sponsor Team that appropriate remedial action has been taken to address any such concerns;
- demonstrating high standards of corporate governance at all times, including by using the Audit and Risk Assurance Committee to help the Board to address key financial and other risks; and
- appointing, with the prior approval of the Minister, a Chief Executive.

1.2.22 The Board may, to the extent permitted by the Order, delegate to staff responsibility for the administration of day-to-day management issues but it remains ultimately responsible and accountable for all those matters. NRW must maintain a list of matters which are reserved for decision by its Board as well as a scheme of delegation approved by the Board.

The Chairperson's Personal Responsibilities

1.2.23 The Chairperson is accountable to the Minister. Communications between the NRW Board and the Minister shall, in the normal course of business, be conducted through the Chairperson. The Chairperson shall ensure that other Board members are kept informed of all such communications. He or she is responsible for ensuring that the Board's policies and actions support the Minister's wider strategic policies and that its affairs are conducted with probity. Where appropriate these policies and actions must be communicated and disseminated throughout NRW.

1.2.24 The Chairperson has a particular leadership responsibility regarding:

- formulating the Board's strategies;
- ensuring that the Board, in reaching decisions, takes proper account of statutory and financial management requirements and all relevant guidance including guidance provided by the Welsh Ministers;
- promoting the economic, efficient and effective use of staff and other resources;
- ensuring high standards of regularity and propriety; and
- representing the views of the Board to the public.

1.2.25 The Chairperson must also:

- ensure that all Board members are briefed fully on the terms of their appointment and on their duties, rights and responsibilities;
- ensure that he or she, together with other Board members, receive appropriate training, including on the financial management and reporting requirements of public sector bodies and on the differences that might exist between private and public sector practice;
- ensure that the Board has a balance of skills appropriate to directing the NRW's business, and advise the Minister, in instances where appointments are to be made by him or her, on the needs of NRW when Board vacancies arise;
- assess the performance of individual Board members in accordance with the arrangements agreed with the Sponsor Team;
- ensure that a Code of Practice for Board Members is in place consistent with the Welsh Government model Code.

Individual Board Members' Responsibilities

1.2.26 In undertaking their duties and responsibilities Board members shall:

- comply at all times with the NRW's Code of Conduct for Board Members, and with the rules relating to the use of public funds and conflicts of interest;

- not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of persons or organisations with whom they have a relationship;
- comply with the NRW's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act always in good faith and in the best interests of the NRW.

Annex 2

Performance Management

2.1 Outcomes

2.1.1 To deliver for Wales, the Department for Natural Resources, Culture and Sport need to build a common purpose between itself and its delivery partners including NRW. A set of outcomes - to be shared by the Department and its delivery partners - has been developed to help achieve this common purpose.

2.1.2 The outcomes are:

Enhancing our environment: We want Wales to have a high quality environment with clean air, water, land and sea. We will work to ensure that our natural resources are efficiently managed for Wales' long-term economic, social and environmental benefit and support diversity and resilience.

Protecting people: We want the people of Wales to be safe and secure. We will work to ensure that everyone is protected as far as possible against the risks posed by incidents which occur in the environment, including those caused by human activity and natural hazards such as pollution, flooding and the effects of extreme weather.

Supporting enterprise and jobs: We want to support the creation of jobs which improve the wellbeing of Wales, individuals and our communities. We will work to ensure that Wales has a prosperous, low-carbon, low-waste economy focusing on long-term economic growth. We will ensure that Wales' natural resources support the creation of enduring and high quality business opportunities and jobs.

Improving the nation's health: We want the people of Wales to be healthy, benefitting from services that promote long-term wellbeing. We will work to ensure that there is better health for all with reduced health inequalities. We will ensure that everyone has to access quality local environments and gain maximum benefit from doing so.

Viable and vibrant places: We want people and communities to benefit from access to high quality employment, housing and public services, with communities supported by effective infrastructure including communications, transport and utilities. We will work to ensure that our landscape, seascape, natural resources and heritage support the development of Wales and we will work to ensure that Wales has a thriving, distinctive character built on our unique culture and heritage.

Delivering social justice: We want to increase opportunities for everyone to achieve a better quality of life and we want to reduce poverty, and we will work to ensure that people benefit from mutual support and a sense of community.

Supporting skills and knowledge: We want everyone to have the knowledge and ability to make the best choices for future wellbeing and we will work to ensure that everyone is supported to reach their potential and to maximise both their own and Wales' future wellbeing. We want the people of Wales to be able to take positive action to maintain, enhance and benefit from their environment, ensuring that Wales benefits from knowledge and evidence in relation to economic, environmental and social issues.

Performance Framework

- 2.1.3 Through its corporate planning, NRW will develop a Performance Framework to clearly demonstrate how the delivery plans of the organisation contribute to the agreed outcomes. The performance framework should reflect NRW's wider contribution across Welsh Government and be based on the Results Based Accountability principles and will include, for each outcome, a number of indicators (to show how we assess outcome achievement) and performance measures for the specific plans, activity and projects that are designed to achieve the outcomes.
- 2.1.4 NRW is encouraged to be innovative in how it describes its goals / priorities and associates its activities with the outcomes and remit so that they best match its delivery arrangements.

2.2 Planning Framework

Budget Planning

- 2.2.1 The Welsh Government's budget planning arrangements are governed by the requirements of the Government of Wales Act 2006 and the Standing Orders of the National Assembly.
- 2.2.2 NRW shall co-operate with the Sponsor Team in providing the necessary assistance and information to the Welsh Government to take forward its budget planning decisions. This will include annual efficiency savings.
- 2.2.3 The Minister will confirm the amount of funding to be provided to NRW and any other relevant budgets as soon as possible and normally no later than one month after the final budget has been agreed by the National Assembly and provide indicative budgets for future years whenever possible.

Business Planning

Remit Letter

- 2.2.4 The Welsh Government shall, by the end of the November before the financial year to which it relates, discuss with NRW a draft remit letter setting out the Welsh Government's policy aims and areas for key performance indicators. The final remit letter will be issued as soon as possible and normally no later than one month after the National Assembly has approved the final budget and shall include the voted grant-in-aid figure and related budgetary control

totals. NRW will be notified in writing of any variations to the budget allocation during the year.

Corporate Plans

2.2.5 Following publication by the Welsh Government of a strategic agenda, NRW shall produce a Corporate Plan. The Corporate Plan must be developed within the policy framework set by the Welsh Government and cover the period of the strategic agenda. The first NRW Corporate Plan will cover the period 2014-15 to 2016-17 and will be rolled forward year on year in consultation with the Sponsor Team. Following this period, Corporate Plans will normally be for a five year period, rolled forward each year in consultation with the Sponsor Team.

Business Plans

2.2.6 NRW shall prepare an annual Business Plan setting out the level of service to be achieved in key areas and the performance and output information that shall be collected to monitor progress. The Business Plan will be informed by the remit letter, the Welsh Government's strategic agenda and the NRW Corporate Plan. It is for NRW to determine the precise content of its plan, in consultation with the Sponsor Team.

Approval of Plans

2.2.7 The timetable for the preparation and submission of the corporate and business plans shall be agreed with the Sponsor Team. Both plans will be approved by the Minister and made available to the public via the NRW website.

2.3 Reporting Arrangements

2.3.1 NRW shall operate management information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the targets set out in the Corporate and Business plans. It shall inform the Sponsor Team of any changes that make achievement of objectives more or less difficult.

2.3.2 Every four months, NRW shall provide a report to the Sponsor Team which sets out the progress towards meeting the key targets set out in the Business Plan. The report must also include details of actual expenditure for the year to date against the approved budgets, together with forecast expenditure figures for the year and explanations of any significant differences and issues. Wherever possible the reporting format will be consistent with NRW arrangements for reporting to its Board.

Exception Reporting

2.3.3 NRW must notify the Sponsor Team as soon as it becomes apparent that:

- the full-year expenditure is likely to exceed its approved budget; or
- it is likely to under spend by more than the equivalent of 3 per cent of its total grant-in-aid.

2.3.4 It shall also provide via an annual report

- details of losses written-off (exceeding £100,000) and special payments made or sanctioned during the previous twelve months;
- detail outlining all cases of fraud and theft to which it has been exposed.

2.4 Periodic Review

As part of the programme of reviews of WGSBs for which it is responsible, the Welsh Government may conduct a review of NRW periodically.

2.5 Risk Management

2.5.1 NRW must develop a risk management strategy to ensure that any risks it assumes are dealt in accordance with the relevant aspects of guidance on best practice in corporate governance.

2.5.2 NRW must adopt and implement policies and practices to safeguard itself against fraud and theft.

2.5.3 NRW shall take reasonable steps to appraise the financial standing of any business or other body with which it intends to enter into a contract or give grant or grant-in-aid, depending upon the particular circumstances of the procurement or grant scheme.

2.6 Economy, Efficiency and Effectiveness – appraisal, research and evaluation

2.6.1 In order to ensure value for money, NRW must have in place appropriate systems, and the capacity, to ensure that its policies and programmes are evidence-based in relation to their development, implementation and evaluation. It shall review its services and activities on a regular basis and shall set out in its annual Business Plan the measures being put in place to drive through and maximise efficiencies.

2.6.2 NRW must also ensure that its approach to carrying out appraisals and evaluations shall be fully consistent with the principles set out in guidance.

Annex 3

Delegation

3.1 Accounting Arrangements and Audit

Annual Report and Accounts

3.1.1 The statutory accounting and reporting requirements are set out in the National Resources Body for Wales (Functions) Order 2012,

Statutory Accounts

3.1.2 Each financial year NRW must prepare accounts in accordance with the Accounts Direction issued by the Welsh Ministers, the relevant statutes and the financial reporting manual FReM. As soon as the audit of the accounts is complete, NRW shall submit to the Auditor General for Wales (AGW) the signed accounts together with a letter of representation. Two copies of the signed accounts shall also be forwarded to the Sponsor Department. The AGW shall lay the audited accounts before the National Assembly as required by the Government of Wales Act 1998.

Annual Report

3.1.3 As soon as possible after the end of each financial year, NRW shall publish a report of its activities to permit the National Assembly, other clients and the public to judge its success in meeting its targets. The format of the published annual report should be discussed with the Sponsor Team.

3.1.4 The Annual Report must be submitted to the Minister prior to its formal publication. A draft of the report shall be submitted to the Sponsor Team at least ten working days before printing.

3.1.5 The annual report must:

- outline the NRW's main activities and performance during the previous financial year;
- report on performance against agreed targets and other deliverables and outline progress that has been made in taking account of the Welsh Government's cross-cutting themes;
- report on the activities of any corporate bodies under its control; and
- include either a summary of the NRW's audited accounts or publish the full audited accounts within a single document on its website.

3.1.6 A copy of the Annual Report must be laid before the National Assembly, after the accounts have been audited. The Report must not be published until after it has been laid before the National Assembly.

3.1.7 NRW shall liaise with the AGW and the Sponsor Team regarding the precise timetable for publication and laying of the Annual Report and the Accounts.

3.2 Audit and Risk Assurance Committee

3.2.1 NRW must establish an Audit and Risk Assurance Committee chaired by a non-executive member. The Committee will advise its Accounting Officer on the adequacy of arrangements within NRW for internal audit, external audit and corporate governance matters. NRW shall share with its Sponsor Team copies of the minutes of its Audit and Risk Assurance Committee meetings. The Sponsor Team also has a right to attend any meeting of the Audit and Risk Assurance Committee if circumstances require it. HM Treasury's Audit Committee Handbook (March 2007) gives further guidance on the reporting relationship between the internal audit service and the Audit and Risk Assurance Committee and Accounting Officer.

3.3 Internal Audit

3.3.1 NRW must:

- establish and maintain arrangements for internal audit in accordance with the objectives, standards and practices described in HM Treasury's Public Sector Internal Audit Standards;
- if the function is provided in-house, ensure that arrangements are made for external quality reviews of its internal audit at least once every five years and in accordance with Public Sector Internal Audit Standards. The Welsh Government shall consider whether it can rely on these reviews to provide assurance on the quality of NRW's internal audit;
- each year, following approval by NRW's Accounting Officer and its Audit and Risk Assurance Committee, submit to the Sponsor Team the audit strategy, periodic audit plans and annual audit report, including the Head of the Internal Audit Service's opinion on risk management, control and governance; and
- notify the Sponsor Team as soon as possible of any changes to the terms of reference of its Internal Audit arrangements and/or its Audit and Risk Assurance Committee.

3.3.2 The Welsh Government shall:

- assess the effectiveness of NRW's internal audit arrangements by scrutiny of their plans for future activity, reports on past activity and its annual assurance report (as prepared by NRW's Head of the Internal Audit Service); and
- have a right of access to all documents prepared by NRW's internal auditor, including where the service is contracted out.

3.4 External Audit

- 3.4.1 The Auditor General for Wales (AGW) is the NRW's statutory external auditor.
- 3.4.2 The new provisions contained in the Companies Act 2006 concerning the audit of public sector entities arrangements for the audit of any subsidiary companies established by NRW.
- 3.4.3 The AGW shall send a copy of its final Additional Assurance Report and Management letter to the Additional Accounting Officer of the Sponsor Department. Under section 145 of the Government of Wales Act 1998 the AGW may carry out examinations into the economy, efficiency and effectiveness with which NRW has used its resources in discharging its functions. Under section 145A, the AGW may undertake studies designed to enable him or her to make recommendations for improving economy, efficiency and effectiveness in the discharge of functions of bodies, and other studies relating to the provision of services. For the purposes of these examinations, as well as the statutory financial audit, the AGW has a statutory right of access to documents. The Comptroller and Auditor General shall also have rights of access by virtue of section 136 of the Government of Wales Act 2006. In addition, NRW shall provide, in conditions to grants and contracts, for the AGW to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the AGW to any other documents required by the AGW which are held by other bodies.

3.5 *Sponsor Department's Right of Access*

- 3.5.1 Should the need arise, the Sponsor Team has a right of access to all NRW's records and personnel for monitoring purposes including, for example, sponsorship audits and operational investigations.

3.6 Management Arrangements

General

- 3.6.1 Unless otherwise agreed in writing by the Sponsor Team, NRW shall at all times follow the principles, rules, guidance and advice in Managing Welsh Public Money and this document, referring any difficulties or potential bids for exceptions to the Sponsor Team in the first instance. A list of the guidance and instructions with which the NRW must comply is at Annex 4.
- 3.6.2 NRW must ensure always that its relationship with the Welsh Government is recognised appropriately through the use of the Welsh Government's sponsor brand mark.
- 3.6.3 In pursuit of its aims, NRW shall work closely with other organisations in Wales including the private sector, landowners, local authorities and the voluntary sector reflecting the commitments in the Welsh Ministers'

partnership agreements with the voluntary, business and local government sectors.

3.7 NRW Staff

Recruitment, retention and management of staff

3.7.1 Within the arrangements approved by the Minister, NRW is responsible for the recruitment, retention and motivation of staff subject to the following general requirements:

- in the recruitment, management and advancement of staff NRW will follow the principles and behaviours set out in Chapter 4 of Managing Welsh Public Money and should take into account the Welsh Government's "Working together for Wales, A Strategic Framework for the Public Sector Workforce in Wales " ;
- NRW may determine its own structure. Following the establishment of its structure, NRW must not:
 - create a new post at, or re-grade a post to, a level which is not already represented in the staff structure; or
 - re-grade all posts at a particular grade.
- NRW may vary the total number of staff employed to reflect changes in the scale of its operations or functions and will maintain a workforce plan which NRW will share with Sponsor Team;
- subject to its delegated levels of authority, NRW must ensure that the creation of any additional posts does not incur forward commitments which shall exceed its ability to pay for them;
- staff management and development policies are in place which include arrangements for appraising the performance of staff and encouraging staff to acquire appropriate professional, management and other expertise;
- NRW will adopt a Code of Conduct for its staff;
- appropriate grievance and disciplinary procedures are established;
- appropriate arrangements are in place to deal properly with any staff concerns about improper conduct including a whistle blowing policy;
- proper consultation with staff takes place on matters affecting them.

Pay and Conditions of Service

3.7.2 All staff shall be subject to overall levels of remuneration and terms and conditions of service (including superannuation) as have been approved by the Minister. Any changes to those terms and conditions, including levels of remuneration, must be authorised by the Minister.

3.7.3 NRW has no delegated powers to amend its overall terms and conditions. However, the NRW may vary individual contracts of employment without recourse to the Minister provided that any changes are within the overall framework of the terms and conditions approved by the Minister.

3.7.4 Staff terms and conditions shall be set out clearly for staff which must be provided to Sponsor Team together with any subsequent amendments. Copies of the relevant documentation must be provided to the sponsor team upon request and after amendment.

Pay Remits

3.7.5 NRW shall present to the Sponsor Team a detailed case for its annual pay remit for pay negotiations. The pay remit shall be in the format specified annually by the Welsh Government and must reflect the needs of the organisation for changes in pay, grading and other terms and conditions of service. The proposals must be fully costed and shown to be affordable in the year in question and subsequent years. NRW is expected to operate a system of pay that provides all staff with equal opportunity for progression.

3.7.6 The Sponsor Team must be satisfied that all pay arrangements have been subject to an equal pay audit and, in addition, will require evidence from time to time that there has been independent quality assurance that meets this requirement.

Staff Benefits and Non-Pay Rewards

3.7.7 In considering gifts or non-pay rewards to staff or board members, the NRW must take a view on whether such a course of action represents an appropriate use of public money. In devising staff benefits or non-pay reward schemes NRW must take notice of HM Treasury's "Regularity, Propriety and Value for Money".

Pensions

3.7.8 Staff of the NRW shall be eligible to belong to NRW's own approved occupational pension scheme. Alternatively, they may opt out in favour of a State Second Pension or, for staff earning below [currently £30,000], a Stakeholder's pension. Staff also have the option of membership of a personal pension scheme. Any proposal by NRW to move from the existing pension arrangements requires written approval in advance from the Sponsor Team.

Redundancy, Severance and Compensation

3.7.9 Any proposal to pay redundancy or compensation for loss of office must be made in accordance with a scheme which requires prior written approval from the Sponsor Team. Proposals on severance must comply with the rules set out in chapter 4 of Managing Welsh Public Money.

3.8 Subsidiary Companies and Joint Ventures

3.8.1 NRW shall not establish subsidiary companies or joint ventures which involve setting up special purpose vehicles – such as companies, partnerships or any other structure with legal identity and liability – without securing the prior written approval of the Sponsor Team.

3.8.2 Any subsidiary company or joint venture controlled or owned by NRW shall be consolidated with it, as required by accounting standards and, unless agreed otherwise by the Sponsor Team, shall be subject to the controls and requirements set out in this document, and to any such other further provisions set out in pertinent guidance and instructions.

3.9 Financial Responsibilities

Expenditure

3.9.1 Subject to any restrictions imposed by the Act, directions of the Welsh Ministers, or by this document, NRW may, as soon as its budget has been confirmed by the Minister, incur expenditure on the programme approved in its annual budget without further reference to the Sponsor Team, subject to the following conditions:

- NRW shall comply with the delegations set out in Annex 5. These delegations must not be modified or breached without the written agreement in advance of the Sponsor Team;
- NRW must obtain written approval in advance of proceeding with:
 - any proposal which could be considered to be novel, contentious or repercussive;
 - any change of policy or practice which has wide financial implications;
 - anything that might affect the future level of resources required; or
 - any significant change in the operation or funding of any initiative or particular scheme approved by the Sponsor Department;
- NRW shall follow the policy framework set out in Managing Welsh Public Money in relation to the procurement of goods and services;
- NRW shall resist requests for payment in advance except in exceptional cases where it is considered that some payment may be necessary. In such cases, the principles set out in Managing Welsh Public Money must be observed;
- NRW shall consult the Sponsor Team before entering into any property lease agreement if it is above delegated limits. The Sponsor Team must also approve in advance any proposals to relocate or move to new accommodation. The sponsorship team must be advised in advance of any proposals to relocate or move to new accommodation.

- NRW must be open and transparent in its approach to gifts and have clear policies on disclosing information about, and the procedures adopted for, making any gifts.

Borrowing, Lending, Guarantees and Investments

- 3.9.2 NRW shall not, without the prior written consent of the Sponsor Team, borrow (including temporary borrowing facilities in the form of a pre-arranged overdraft facility to bridge any gaps between long-term borrowing arrangements); lend; charge any asset or security; give any guarantee or indemnities; letters of comfort; or incur knowingly any other contingent liability (as described in Managing Welsh Public Money) whether or not in a legally binding form. All financial guarantees and indemnities given by NRW must be covered adequately against un-drawn Assembly Public Expenditure Resources.
- 3.9.3 Nor shall NRW make any investments without securing the prior written approval of the Sponsor Team except in respect of short-term deposits of cash surpluses.

Grants and Loans

- 3.9.4 All grants must comply with the terms of Managing Welsh Public Money and be made subject to appropriate terms and conditions which provide adequate protection for the public purse. Terms and conditions must, for example, allow for phased payments, reinforce rights of access for Welsh Government officials and the Auditor General for Wales, ensure that Welsh Government's financial interests are adequately protected, and allow for claw back in certain circumstances, e.g. if grant monies are used other than for approved purposes.
- 3.9.5 All loan schemes must be managed under similar arrangements.

Funding

- 3.9.6 All the streams of income mentioned in the following paragraphs ('Income from Exchequer Sources' and 'Income from Non-Exchequer Sources'), shall be treated as public funds and the requirements of this document shall apply equally to them.

Income from Exchequer sources – Grant-in-aid

- 3.9.7 The Welsh Ministers shall make payments to NRW of grant-in-aid which shall be paid in monthly instalments, on the basis of an application to the Sponsor Team. This must be provided in the form of a financial statement as set out in the grant-in-aid drawn-down form and submitted by a person notified to the Sponsor Team as authorised to make the application. Authentication must be had prior to the first claim in each financial year and

specimen signatures submitted to sponsorship. NRW may not draw down in advance of need for activities funded by grant-in-aid.

Income from Non-Exchequer Sources

- 3.9.8 NRW must seek as far as possible to maximise its income from sources other than the Exchequer where this is consistent with its functions and is in line with the agreed Corporate Plan. It may retain income that is derived from, for example, the sale of land and buildings and other assets including minerals, grants given by the EU, grants given through lottery funds, any proceeds from NRW's commercial activities and those resulting from the sale of services into wider markets. Such activity must be undertaken in accordance with the terms of Managing Welsh Public Money and this document.
- 3.9.9 Proceeds from the disposal of an Exchequer financed asset worth £1 million or more must, however, normally be surrendered to the Welsh Government, unless agreed otherwise. This does not apply to disposal proceeds in relation to the Welsh Government Woodland Estate (WGWE), which will be retained by NRW within its Estates Capital Reserve, and utilised only for the acquisition of new areas of land to be incorporated into the WGWE, or other capital expenditure in relation to the WGWE.
- 3.9.10 Any asset disposals of the WGWE above £1 million considered novel or contentious will require prior Ministerial approval. For the avoidance of doubt the consideration of whether the proposed disposal is novel or contentious will be made by the NRW Accounting Officer. Only after such consideration is concluded and a decision made to proceed with a disposal, will written Ministerial approval be sought.
- 3.9.10 Proceeds derived from the sale of other assets may be retained provided that they are used to finance other capital spending – this being expenditure on new construction, land, extensions or alterations to existing buildings and the purchase of any other discrete asset or collection of assets (e.g. machinery and plant), including vehicles, having an expected working life of more than one year.
- 3.9.11 Site fees from third party Wind Farm Development under TAN8 should be surrendered to the Welsh Government, unless agreed. The amount submitted will be net of the NRW direct costs of managing the Wind Farm Development programme.

Private funds

- 3.9.12 Donations, grants for research from non-public organisations, or bequests given to NRW, are deemed to be private funds and are not covered by the

terms of this document. Funds received directly from the Welsh Government, other government departments, agencies and other public organisations or those funded primarily by the tax payer and any proceeds from NRW's commercial interests or activities do not count as private funds.

Fees and Charges

- 3.9.13 Subject to any relevant statutory provision, fees and charges for services provided by NRW must be determined in accordance with *HM Treasury Fees and Charges Guide* and any other guidance or determinations issued by the Welsh Government, or the Treasury.
- 3.9.14 Changes to charging schemes and the level of charges require the approval of the Welsh Ministers. In the case of new schemes, which may arise from new or existing legislation or where alterations are proposed to the technical details of a scheme, NRW will seek Welsh Ministers' approval in consultation with the Secretary of State as required under the relevant statutory provisions and the *Treasury's Fees and Charges Guide*.
- 3.9.15 In addition, the approval of the Welsh Ministers is required for technical changes to the Flood Defence Levy Scheme, which may also require changes to primary legislation. HM Treasury will also need to be consulted if such changes to primary legislation affect (directly or indirectly) any of the financial provisions. Year-on-year adjustments in levies and charges are approved by the NRW Flood Risk Management Wales and the Board.

3.10 Cash Management

Grant-in-Aid Cash Balances

In Year

- 3.10.1 Cash balances accumulated during the course of the financial year from grant-in-aid or other Exchequer funds must be kept at the minimum level consistent with the efficient operation of the NRW. Any funds held by the NRW as a working balance at the end of each funding period shall be taken into account in determining the amount of grant-in-aid to be paid in the following period.

End of Year

- 3.10.2 **Grant-in aid cash balances** - NRW shall be permitted to carry-over from one financial year to the next any drawn but unspent cash balances of up to 5 per cent of its agreed total annual grant-in-aid budget. Any proposal to carry-over sums in excess of this amount must be agreed in writing in advance with the Sponsor Team on a case by case basis. Any sum carried-over in excess of the agreed amount shall be taken into account in the subsequent year's grant-in-aid.

3.10.3 Non Grant-in-Aid Cash Balances - NRW shall be permitted to retain and carry forward unspent non grant-in-aid cash balances which have not been expended at the end of the year to aid long-term planning. Examples of said income include timber sales and commercial income (excluding charge schemes). This is limited to 20% in aggregate of the actual income for the year.

3.10.4 Estates Capital Reserve – the NRW may, in addition to the amounts covered by clauses 3.10.1 and 3.10.2 above, carry forward cash balances in relation to the sale of Welsh Government Woodland Estate assets and held within the Estates Capital Reserve of up to £5 million. Carry forward of greater amounts may be permitted, but must be agreed with the Welsh Government in advance.

Managing Receipts

3.10.5 If receipts realised or expected to be realised in the financial year are less than estimated NRW must ensure a corresponding reduction in its gross payments so that its authorised provision is not exceeded.

3.10.6 If receipts realised or expected to be realised in the financial year are more than estimated, NRW may apply to the Sponsor Department to retain such excess income for specified additional expenditure.

3.10.7 Income raised to cover depreciation and Cost of Capital is used to fund the charge-related capital programme in the first instance. Any remaining income can be used on the wider NRW Capital Programme.

Virement

3.10.8 Where the Minister identifies specific budgets in the NRW Remit Letter; NRW may reallocate funds between its various budgets as notified by the Minister in the remit letter without the Sponsor Team's prior written agreement with the exception of:

- ring-fenced provisions set out in the remit;
- reallocation between capital, near cash or non-cash budget lines; and
- in aggregate, NRW's net payments do not exceed the total approved Budget.

Notwithstanding the above NRW's overall budget may not be increased without Sponsor Team's prior written agreement.

3.11 Security

3.11.1 NRW shall take appropriate and proportionate protective security measures to ensure that the prime purposes of its business can be fulfilled as effectively and efficiently as possible. These measures will [seek to] protect its employees from deliberate harm, its assets, including information assets, from loss, damage or misuse, and its business activities from disruption. This will be achieved through compliance with HMG Security Policy Framework and other legislation, HMG guidance and standards relating to information and

data security. To this end, and in accordance with the Security policy Framework, NRW shall define key roles including a Board-level representative for Security, a Senior Information Risk Owner and Information Asset Owners. Other posts as outlined in the Security Policy Framework will be defined where necessary.

3.11.2The Departmental Security Officer (DSO) for NRW will be supported by the Welsh Government DSO who will undertake a strategic role (not day-to-day engagement) to reassure the Permanent Secretary and the AAO for Sustainable Futures that NRW is managing security risks effectively and proportionately.

Annex 4

4.1 List of Government-Wide Corporate Guidance and Instructions

- this document;
- the Minister's annual Remit Letter to the NRW;
- Managing Welsh Public Money;
- the Welsh Government Memorandum "Responsibilities of a Welsh Government Sponsored Body (WGSB) Accounting Officer";
- HM Treasury's Consolidation Officer Memorandum;
- NRW's Accounts Direction;
- Corporate Governance in Central Government Departments: Code of Good Practice;
- HM Treasury's "Government Internal Audit Standards";
- HM Treasury's "Managing the Risk of Fraud";
http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf
- HM Treasury's "Executive NDPBs - Annual Reports and Accounts Guidance";
- HM Treasury's "Departmental Banking: A Manual for Government Departments" (issued as Annex 5.7 of "Managing Public Money");
http://www.hm-treasury.gov.uk/d/mpm_annex5.7.pdf
- HM Treasury's "Regularity, Propriety and Value for Money";
http://www.hm-treasury.gov.uk/d/Reg_Prop_and_VfM-November04.pdf
- HM Treasury's "Green Book – Appraisal and Evaluation in Central Government";
http://www.hm-treasury.gov.uk/d/green_book_complete.pdf
- HM Treasury's Audit and Risk Management Committee Handbook;
<http://www.hm-treasury.gov.uk/d/auditcommitteehandbook140307.pdf>
- Cabinet Office's "Magenta Book – Guidance Notes on Policy Evaluation";
http://www.nationalschool.gov.uk/policyhub/magenta_book/index.asp
<http://www.nationalschool.gov.uk/policyhub/docs/profpolicymaking.pdf>
- Cabinet Office's Code of Practice for Public Bodies;
- the UK Evaluation Society's "Guidelines for Good Practice in Evaluation";
<http://www.evaluation.org.uk/resources/guidelines.aspx>
- UK Statistics Authority's "Code of Practice for Official Statistics" and its associated protocols;
<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>

- Health and Safety Commission/Department for the Environment and the Regions' "Revitalising Health and Safety";
<http://www.hse.gov.uk/revitalising/strategy.pdf>
- extant "Chief Executive Officer" letters;
- extant "Dear Accounting Officer" letters;
- extant "Dear Consolidation Officer" letters;
- Management letters from external auditors;
- other relevant instructions and guidance issued by the Welsh Ministers;
- those recommendations of the National Assembly's Public Accounts Committee, other Committees of the National Assembly; the House of Commons Committee on Public Accounts, other Parliamentary Committees or Parliamentary authority that have been accepted by the Welsh Government which are relevant to the NRW.

4.2 In addition, in the conduct of its business the NRW shall ensure, inter alia, that:

- it conforms with the terms of its Welsh Language Scheme;
- its functions are exercised in a manner compatible with the Welsh Ministers' duty to promote and facilitate the use of the Welsh language as set out in the Welsh Government's strategy as published from time to time;
- its functions are exercised with due regard to the principle that there should be equality of opportunity for all people;
- it adopts and maintains a scheme, approved by the Information Commissioner, for the publication of information as required by the Freedom of Information Act;
- its functions are exercised in a manner compatible with the Welsh Ministers' duty to promote sustainable development and its guiding principle of promoting social inclusion;
- its functions are exercised with due regard to the Welsh Government's Disability; Gender; and Race Equality Schemes;
- it follows the approach to openness set out in the Welsh Government's Code of Practice on Access to Information;
- it has due regard to the Commissioner for Public Appointment's Code of Practice for Ministerial Appointments to Public Bodies;
- its procurements are effected with due regard to the principles set out in the Welsh Government's Value Wales Procurement Route Planner.

4.3 As regards openness, where practicable and appropriate, NRW shall be expected to hold its meetings in public. At least one meeting per year must be an open meeting. Where practicable and appropriate, the NRW shall release summary reports or make minutes of its meetings publicly available.

4.4 As regards health, safety and welfare, NRW must:

- comply with all relevant statutory duties in respect of health, safety and welfare as they relate to all its functions, projects, programmes and activities;
- require organisations that it funds and any contractors and sub-contractors to those organisations to comply similarly; and
- comply fully with UK Government policy on health, safety and welfare.

Annex 5

5.1 Summary of Approval Requirements and Delegation Limits

Subject	Delegation Limit – *Note 1
Appointment of Chief Executive	Ministerial approval
Staff remuneration and terms and conditions	Amendments to overall terms and conditions require Ministerial approval
Pension arrangements and schemes for the payment of redundancy or compensation	Approval of Sponsor Team
Corporate and Business Plan	Ministerial approval
Joint ventures and Wider Markets Initiative	Approval of Sponsor Team
Novel, contentious or repercussive proposals	Approval or Sponsor Team
Any borrowing, lending, guarantees, indemnities or investment	Approval of Sponsor Team
Capital projects – Flood Risk Management	£5m Between £2m and £5m – summary documents to WG for each project.
Capital projects – non Flood Risk Management	£500k
Non capital projects	£500k
Research/scientific monitoring projects	£500k
Consultancy contracts	£500k
Gifts, hospitality, prizes etc	£2.5k
Sponsorship	£10k
Losses and special payments	£100k
GiA cash carry-over	5% of annual GiA
Single Grant	£500k per annum
Purchase or lease of land or operational properties	£5m Between £2m and £5m – brought to the attention of WG
Provide funding to any other body to assist in the acquisition of land	£250k
Land purchase above District Valuer's valuation	£100k

Note 1 – Interim spending restrictions imposed by WG will supersede the specified limits above.

WELSH GOVERNMENT FRAMEWORK DOCUMENT

NATURAL RESOURCES WALES

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1. Introduction

- 1.1 This Framework document is for use with public bodies (except for Welsh Government-owned companies) whose remit is set by Welsh Ministers.
- 1.2 It sets out the broad framework within which the public body operates, details the terms and conditions under which the Welsh Ministers may provide resources to the body, and defines the roles and responsibilities of the Welsh Ministers and the public body as well as the relationship between them.
- 1.3 If there is an inconsistency between any of the provisions of this document and the provisions of legislation relating to the Body to which this document relates, the provisions of the legislation shall prevail.
- 1.4 Payment to the Natural Resources Body for Wales (known as Natural Resources Wales or NRW) is conditional upon the satisfactory performance by NRW of all its obligations as set out in this document and the remit letter and such other conditions and requirements as the Natural Resources Body for Wales (Establishment) Order 2012 may from time to time impose.
- 1.5 Welsh Ministers have a range of functions which will continue to accrue and be amended and decisions in relation to each such function are obliged to be taken in the light of all relevant, and to the exclusion of all irrelevant, considerations. Nothing contained or implied in, or arising under or in connection with, this Framework document will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor oblige the Welsh Ministers (or any of them) to exercise, or refrain from exercising, any of their functions in a particular way. Any reference in this document to any legislation whether domestic, retained EU or international law will include all amendments to and substitutions and re-enactments of that legislation in force from time to time.
- 1.6 Copies of this document together with any subsequent amendments have been placed in the Library of Senedd Cymru – Welsh Parliament (the Senedd) and made available to members of the public via NRW's website.

2. Purpose of the Public Body

- 2.1 The Natural Resources Body for Wales (the "Body") was established under the Natural Resources Body for Wales (Establishment) Order 2012 (the "Establishment Order"). As a public body, it acts as a delivery agent for Welsh Ministers and its role is to fulfil its responsibilities set within the context of the Welsh Government's strategic aims. Its main purpose, strategic objectives and aims, as agreed by the Welsh Ministers, are set out in the remit letter.

2.2 The Body's statutory duties are to:

- pursue sustainable management of natural resources in relation to Wales; and
- apply the principle of sustainable management of natural resources in the exercise of its functions.

2.3 Its functions are set out in the Natural Resources Body for Wales (Functions) Order 2012 (the "Functions Order"). Working with the Body, the Welsh Ministers set its strategic objectives. The Body must set out how it will achieve its strategic objectives in its Corporate Plan and Business Plan (see paragraphs 7.2 – 7.6 below).

2.4 The strategic objectives and Corporate Plan will remain in place for the term of the Government under which they are set and until replacements are published but will cease in the event of a decision by the Welsh Ministers to dissolve, merge or change the function(s) of the Body.

3. Governance and Accountability

Legal Context

3.1 The Body's powers and duties are set out in Part 2, paragraph 4 of the Establishment Order.

Ministerial Responsibility

3.2 The First Minister has allocated responsibility for the oversight of the Body to the Minister for Climate Change (the "Minister"). The Minister generally exercises the functions of the Welsh Ministers in relation to the Body and is ultimately accountable to the Senedd for the activities of the Body and its use of resources. The Minister is not responsible for day-to-day operational matters.

3.3 The Minister sets the policy framework for the Body and is to meet the Chair of the Body at such frequency as the Minister considers necessary to review performance and discuss current and future activities. The assessment of the Board's Chair is a Ministerial responsibility but may be delegated by the Minister to a senior official to carry out on their behalf.

3.4 The Minister's responsibilities include:

- agreeing the Body's strategic objectives and aims and key targets; and
- agreeing the budget for the Body, and securing the necessary approvals from the Senedd.

Accountabilities and Responsibilities of the Principal Accounting Officer

3.5 The Principal Accounting Officer (PAO) for the Welsh Ministers is the Permanent Secretary to the Welsh Government. The PAO has responsibilities specified by HM Treasury and is accountable to the Senedd (through its Public Accounts & Public Administration Committee) and to the UK Parliament (through the House of Commons Committee on Public Accounts) for:

- the regularity and propriety of the Welsh Government's finances;
- the keeping of proper accounts of the Welsh Ministers; and
- the effective and efficient use of resources voted to the Body under the Welsh Government's Annual Budget Motion.

3.6 The PAO is also responsible for ensuring the finance and other management controls applied across the Welsh Government (WG) are appropriate and sufficient to safeguard public funds.

Accountabilities and Responsibilities of the Additional Accounting Officer

3.7 The PAO for the Welsh Ministers is assisted in their duties by the Director General for Economy, Skills and Natural Resources, who has been designated as the Additional Accounting Officer ("AAO") and who has delegated responsibility for the NRW Partnership Team.

3.8 The AAO has a responsibility to support the PAO in ensuring:

- the financial and other management controls applied by the WG are appropriate and sufficient to safeguard public funds and, more generally, those being applied by the body conform with the requirements both of propriety and of good financial management;
- there is an adequate statement of the financial relationship between the WG and the Body (i.e. this Framework Document) and this statement is regularly reviewed; and
- the conditions attached to the resources and grant-in-aid awarded conform with the terms of the Budget and arrangements are in place to monitor compliance with those conditions by the Body.

3.9 The AAO is also responsible for ensuring arrangements are in place to:

- address significant problems within the Body, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to the Group and the Body's objectives and activities;
- inform the Body of relevant government policy in a timely manner;

- bring to the attention of the Body's full Board any concerns about the activities of the Body requiring explanations and assurances remedial action will be taken; and
- designate the Chief Executive of the Body as its Accounting Officer (AO).

3.10 The AAO is responsible for advising the Minister on:

- appropriate strategic objectives for the Body in the light of the wider strategic aims of their Group and key delivery and performance indicators;
- an appropriate budget for the Body in the light of the Group's overall spending priorities; and
- how well the Body is achieving its strategic objectives within the policy and resources framework determined by the Minister, and whether it is delivering value for money.

3.11 The AAO must ensure appropriate oversight arrangements are in place.

Partnership Team

3.12 The AAO delegates responsibility for the day-to-day management of relations between the WG and the Body to a designated Deputy Director who leads the Partnership Team within the Welsh Government. This person will work closely with the Body's Chief Executive and are answerable to the AAO. This person is also the primary source of advice to the Welsh Ministers on the discharge of their responsibilities in respect of the Body.

3.13 Specific responsibilities of the Partnership Team include:

- advising the Minister, PAO and AAO on the discharge of their responsibilities in respect of NRW;
- reviewing NRW's financial performance against plans and the achievement against targets; and
- informing and explaining wider policy developments which might impact on NRW.

3.14 The normal point of contact for the Body in dealing with WG is the Head of NRW Partnership Team.

Accountabilities and Responsibilities of the Chief Executive as Accounting Officer for the Body

3.15 The Chief Executive has specific duties in relation to their role as Accounting Officer (AO) for NRW, and is personally responsible for the proper stewardship of the public funds for which they have responsibility; for the day-to-day operations and management of the Body; and for ensuring compliance with the requirements of 'Managing Welsh Public Money'.

- 3.16 The AO is assisted in the exercise of their role by employees of the Body. The AO will delegate the day-to-day administration of their responsibilities to those employees but remains ultimately responsible and accountable under this Framework Document and the Memorandum for the Accounting Officer.
- 3.17 The Board must be fully aware of, and have regard to, the responsibilities placed upon the Chief Executive as AO.
- 3.18 Further detail on the specific responsibilities of the AO of the Body, including their accountability to the Senedd, WG and the Body's Board, are set out in the Memorandum for the Accounting Officer, which the AAO will have sent to the AO. This is attached at **Annex C** for reference.

Responsibilities of the Chief Executive

- 3.19 The Chief Executive also has a number of duties in addition to the role of Accounting Officer of the Body. They are appointed and employed by the Board, with the approval of the Minister. The Chief Executive is the Board's principal adviser on the discharge of its functions and is accountable to it. The Chief Executive's role is to provide operational leadership to the Body and ensure the Board's aims and objectives are met and the Body's functions are delivered and targets met. The AO in an organisation should be supported by a Board structured in line with the [Corporate Governance Code for Central Government Departments](#) or the [Charity Governance Code](#), as applicable.

Responsibilities in respect of the Body's Board

- 3.20 The Chief Executive is responsible for:
- advising the Board on the discharge of its responsibilities as set out in this Framework document, relevant law, the Minister's remit letter or other communication to the Body; and any other guidance which may issue from time to time;
 - advising the Board on the Body's performance against its aims and objectives;
 - ensuring financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and suitable financial appraisal techniques are followed;
 - ensuring a system of good corporate governance and assurance, in line with the principles of the [Corporate Governance Code for Central Government Departments](#) or the [Charity Governance Code](#), as applicable
 - ensuring a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
 - ensuring robust internal management and financial controls are introduced, maintained and reviewed regularly, including measures to protect against fraud and theft (such measures to incorporate a comprehensive system of internal delegated authorities);

- ensuring there are procedures for handling complaints about the Body;
 - ensuring there are people management policies in place, and these are maintained and made readily available to all staff; and
 - taking action, as appropriate, in accordance with the terms of the Memorandum for the Accounting Officer if the Board or its Chair is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity; does not represent prudent or economical administration or efficiency or effectiveness; is of questionable feasibility; or is unethical.
- 3.21 Equality and fair work must be at the core of WG public service delivery and, as such, WG expects the bodies it funds to operate ethical standards of employment.
- 3.22 The Chief Executive is responsible for decisions around staffing within the Body. This includes policies covering staff terms and conditions; offering a pension scheme; and ensuring robust, appropriate and fair job evaluation and recruitment practices are followed. However, WG should be notified of, and in certain specific cases be requested to authorise, specific change proposals – please see **annex A** for detail.
- 3.23 The Chief Executive is also responsible for ensuring that pay and remuneration align to Welsh Government public sector pay principles, set out in the pay remit and guidance issued by WG from time to time. All pay changes must be notified to the Welsh Government’s Head of Pay and Remuneration and Public Bodies Unit: all proposals that may be considered novel or contentious should be approved by Welsh Ministers where appropriate – please see **annex A** for detail.
- 3.24 The Chief Executive is also responsible for handling cases involving the Public Service Ombudsman for Wales.

The Board

- 3.25 The Chair and Board members are appointed by the Minister. As regulated appointments, they are to be made in accordance with the Commissioner for Public Appointments’ [Code of Practice](#).
- 3.26 The Board must act in an open and transparent way and must publish its membership, agendas and minutes on its website.
- 3.27 The role of the Board is to:
- provide effective leadership to the Body, defining and developing strategic direction and setting challenging objectives;
 - promote high standards of public finance management, upholding the principles of regularity, propriety and value for money;

- ensure the Body 's activities are conducted efficiently and effectively, and monitor performance to ensure the Body fully meets its aims, objectives and performance targets; and
- promote the Nolan principles of public life (selflessness, integrity, objectivity, accountability, openness, honest and leadership).

3.28 To do this, the Board must ensure effective arrangements are in place to provide assurance on risk management, governance and internal control. It must establish an Audit and Risk Assurance Committee (ARAC), chaired by a non-executive member (but not the Chair), to provide the Board with independent advice. The Board must assure itself of the effectiveness of the internal control and risk management systems.

3.29 The personal responsibility of the Chief Executive as AO to ensure regularity, propriety and value for money in no way detracts from the responsibility of Board members, who each have a duty to act in a way which promotes high standards of public finance and to ensure the Body's activities are conducted in an efficient and effective manner. The Board must not give the Chief Executive instructions which conflict with their duties as AO.

3.30 The Board is responsible for:

- establishing and taking forward the strategic aims and objectives of the Body consistent with its overall purpose and within the policy and resources framework determined by the Minister;
- ensuring the Minister is kept fully informed of any changes likely to impact on the strategic direction of the organisation or on the attainability of its targets, and of steps needed to deal with such changes;
- ensuring compliance with any statutory or administrative requirements in respect of the use of public funds;
- ensuring the Body operates within the limits of its authority and any delegated authority agreed with the Partnership Team, and in accordance with any other conditions relating to the use of public funds;
- ensuring, in reaching decisions, the Body takes into account guidance issued by the WG; ensuring it receives and reviews regularly financial information concerning the management of the Body;
- ensuring the Minister is informed in a timely manner about any concerns about the Body's activities, including activities which might affect the future level of resources required, and any policy or practice changes which may have wide financial implications;
- taking appropriate remedial action to address any such concerns or changes with wide financial implications, and providing positive assurances to the Minister via the Partnership Team about the same;
- demonstrating high standards of corporate governance at all times, including by using the ARAC to help the Board address key financial and other risks;
- appointing, with the prior written approval of the Minister, a Chief Executive (please see **annex A** for more information); and

Commented [FC1]: Discussion at Sponsorship Committee on 25 Jan to clarify and agree interpretation.

Commented [FC2]: Discussion at Sponsorship Committee on 25 Jan to clarify and agree interpretation.

- appointing the Chairs of the Board committees.

3.31 The Board is also responsible for:

- nominating a member of the NRW Executive Team as the Senior Information Risk Owner (SIRO), with responsibility for ensuring information assets and risks within the organisation are managed as a business process rather than as a technical issue. The SIRO will ensure information risks which affect business objectives are highlighted to the Board and addressed;
- adhering to the [Security Policy Framework](#);
- arranging for the annual completion of the Departmental Security Health Check to be returned to the Welsh Government SIRO; and
- ensuring independent certification of security arrangements to the Cyber Essential Plus and IASME standards.

3.32 To the extent permitted by the Establishment Order, the Board may delegate responsibility for the administration of day-to-day management issues to staff but it is to remain ultimately responsible and accountable for all those matters. The Body must maintain a list of matters reserved for decision by its Board as well as schemes of delegations approved by the Board.

Individual Board Members' Responsibilities

3.33 In undertaking their duties and responsibilities Board members must:

- comply at all times with the Body's code of conduct and with all applicable rules relating to the use of public funds and conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of persons or organisations with whom they have a relationship;
- comply with rules on the acceptance of gifts and hospitality; and
- act always in good faith, and in the best interests of the Body.

The Chair

3.34 The Chair is accountable to the Minister and may also be held to account by the Senedd. Communications between the Board and the Minister must, in the normal course of business, be conducted through the Chair, who must ensure other Board members are kept informed of all such communications.

3.35 The Chair is responsible for ensuring the Board's policies and actions support the Minister's wider strategic policies, and the Body's affairs are conducted with probity. Where appropriate, the Chair must make arrangements to communicate and disseminate these policies and actions throughout the Body.

3.36 The Chair has particular leadership responsibilities for:

- formulating the Board's strategies;
- ensuring the Board, in reaching decisions, takes proper account of statutory and financial management requirements and all relevant guidance including guidance provided by the Welsh Ministers;
- promoting the economic, efficient and effective use of staff and other resources;
- ensuring high standards of regularity, propriety and governance; and
- representing the views of the Board to the public.

3.37 The Chair must also:

- ensure all Board members are briefed fully on the terms of their appointment and on their duties, rights and responsibilities;
- ensure Board members receive appropriate training, including on the financial management and reporting requirements of public sector bodies and on the differences which might exist between private and public sector practice;
- ensure the Board has a balance of skills appropriate to directing the Body's business;
- advise the Minister on the needs of the Body when appointments to vacancies on the Board are to be made;
- assess the performance of individual Board members in accordance with the arrangements agreed with the Partnership Team; and
- ensure an appropriate code of conduct for Board members is in place, including rules and guidance on Board members' interests and conflicts of interest.

Welsh Government Attendance at Board Meetings

- 3.38 Welsh Government officials will not routinely attend meetings of the Board of the Body or of its committees. However, Welsh Ministers reserve the right for their officials to attend Board or committee meetings in an advisory or observer capacity, but will not take part in any decision-making by the Board. The Board may also invite WG officials to attend to provide particular advice or information.
- 3.39 The Body must provide its Partnership Team with advance agendas and papers for Board meetings to allow it to consider whether officials need to attend and contribute to discussions. Papers should be provided to the Partnership Team at the same time as they are provided to Board members. The Body should also highlight to the Partnership Team any novel, contentious, repercussive or difficult issues to be addressed at the Board meeting.
- 3.40 For the avoidance of doubt, WG officials will play no part in the decision-making processes of the Board. A formal agreement detailing the role of WG officials attending Board meetings must be developed in accordance with WG guidance.

4. Reporting Requirements

Statutory Accounting and Reporting

4.1 The statutory accounting and reporting requirements are set out in Paragraph 23 of the Schedule to the Establishment Order.

Annual Report and Accounts

4.2 The Body must prepare an Annual Report and Accounts, including a Governance Statement, in accordance with the Accounts Direction issued by the Welsh Ministers and the [Government Financial Reporting Manual](#).

4.3 To support the preparation of accounts, registers of the following are required to be maintained:

- gifts received and given;
- hospitality received and offered; and
- losses and special payments as described in Managing Welsh Public Money.

4.4 These registers enable the disclosure requirements set out in the Government Financial Reporting Manual and *Managing Welsh Public Money* to be met.

4.5 The Annual Report and Accounts document must also:

- outline the body's main activities and performance during the previous financial year; and
- report on performance against key performance indicators and other deliverables.

Presentation of the Annual Report and Accounts

4.6 As soon as the audit of the accounts is complete, the Body must contact and work with the Auditor General for Wales ("AGW") and the Partnership Team regarding the precise timetable for laying and publication of the Annual Accounts and Report.

4.7 The Body must submit the signed accounts, together with a letter of representation, to the AGW. A copy of the signed accounts must also be forwarded to the Partnership Team.

4.8 The AGW must lay the audited accounts before the Senedd as required by Paragraph 23 of the Schedule to the Establishment Order.

4.9 The Body will also be required to provide certain accounts information for the Whole of Government Accounts process and, potentially, for the Welsh

Government Consolidated Accounts. Timing and scope of information required is annually communicated by the Welsh Government Finance function through the network of Heads of Resources of arm's length bodies.

Annual Report to the Minister

- 4.10 As soon as possible after the end of each financial year, the Body shall submit a report of its activities to the Minister. The precise format of the published annual report will be discussed with the Partnership Team, but as a minimum, it should show how the Body has:
- delivered on the objectives set for it by the Minister; and
 - used the five ways of working set out in the Well-being of Future Generations Act (Wales) 2015 and the progress it has made in contributing to the seven wellbeing goals.
- 4.11 The Minister must lay a copy of the report before the Senedd. Following this, the Body should publish its report to permit the Senedd, other clients and the public to judge its success in meeting its targets.

5. Audit Arrangements

Internal Audit

- 5.1 The Body must establish an Audit and Risk Assurance Committee (ARAC) of its Board to advise its AO and the Board on the adequacy of arrangements within the organisation for internal and external audit and corporate governance matters. In establishing its ARAC the body should refer to the guidance set out in the [Audit and Risk Assurance Committee Handbook](#). The ARAC will report, and be accountable, to the Board.
- 5.2 The Body must:
- establish and maintain arrangements for internal audit in accordance with the objectives, standards and practices described in the [Public Sector Internal Audit Standards](#);
 - ensure where the audit function is provided in-house, arrangements are made for external quality reviews at least once every five years and in accordance with Public Sector Internal Audit Standards. WG is to consider whether it can rely on these reviews to provide assurance on the quality of the Body's internal audit;
 - following approval by the AO and the ARAC, submit the audit strategy, periodic audit plans and annual audit report, including the Head of the Internal Audit Service's opinion on risk management, control and governance, to the Partnership Team on an annual basis; and
 - notify the Partnership Team, as soon as possible, of any changes to the terms of reference of its internal audit arrangements and/or its ARAC.

5.3 The WG must:

- in accordance with agreed oversight arrangements, assess the effectiveness of the Body's internal audit arrangements by scrutiny of its plans for future activity, reports on past activity and its annual assurance report (i.e. the opinion of the Body's Head of the Internal Audit Service on its risk management, control and governance); and
- have a right of access to all documents prepared by the Body's internal auditor, including where the service is contracted out.

External Audit

- 5.4 The AGW is the Body's statutory external auditor appointed by agreement under the Government of Wales Act 2006. The AGW's statutory rights of access to documents and information are set out in the Government of Wales Act 2006.
- 5.5 The AGW may carry out examinations into the economy, efficiency and effectiveness with which the Body has used its resources in discharging its functions and may make recommendations for improving economy, efficiency and effectiveness in the discharge of functions of bodies, and other studies relating to the provision of services. For the purposes of these examinations, as well as the statutory financial audit, the AGW has a statutory right of access to documents and information held by relevant persons.
- 5.6 The Body must provide, in conditions to grants and contracts, for the AGW to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and must use its best endeavours to secure access for the AGW to any other documents required by the AGW which are held by other bodies.

Partnership Team's Right of Access

- 5.7 As set out in paragraph 24 of the Schedule to the Establishment Order, the Body must, without charge, permit any officer or officers of the WG at any reasonable time and on reasonable notice being given to the Body to visit the Body's premises and/or to inspect any of the Body's activities and/or to examine and take copies of the Body's books of account and any such other documents or records howsoever stored as in such officer's reasonable view may relate in any way to the Body's use of the funding provided. In exceptional circumstances, such as the prevention or detection of fraud, it may not be practicable to provide the Body with reasonable notice. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the WG, AGW or any officer, servant or agent of any of the above, further to paragraph 1.5.

6. Management Arrangements

- 6.1 Unless otherwise agreed in advance in writing by the Partnership Team, the Body must at all times follow the principles, rules, guidance and advice in *Managing Welsh Public Money* and this Framework Document. The Body must refer any difficulties or requests for exceptions to the Partnership Team in the first instance.
- 6.2 From time to time, WG will request certain information and data from the Body. Advice and guidance public bodies need to take account of may also be issued from the Welsh Government Permanent Secretary and Public Bodies Unit, as well as HM Treasury.
- 6.3 The Body recognises it is a Data Controller for personal data processed in relation to its statutory duties and will comply with all aspects of the UK's data protection legislative framework and Freedom of Information legislation.
- 6.4 The Body must ensure always its relationship with the WG is recognised appropriately through the use of the WG's brand mark, as appropriate.

7. Planning Framework

Remit Letters

- 7.1 At a suitable early juncture of the Government term, the Minister will issue the Body with a remit letter setting out the strategic objectives agreed for the Body for the full term of Government. This arrangement will remain in force for the lifetime of the administration (Term of Government), although the remit may be amended on written notice if Ministerial priorities change. The Term of Government remit process is set out at **Annex B**. This process is distinct and independent of the flood remit letter, which the Minister will continue to issue annually.

Corporate Plan

- 7.2 Within six months of receiving the remit letter, the Body is to submit to the Minister a Corporate Plan setting out how it is to achieve its strategic objectives. The finalised plan, agreed by the Minister, is to reflect the Body's strategic aims and objectives and is to remain in place for the whole Term of Government unless the remit changes, as noted in paragraph 7.1.
- 7.3 At the end of the Term of Government, the Corporate Plan will roll forward until the new Government has set its strategic agenda.

Business Plan

- 7.4 Each financial year, in light of the decisions by the Welsh Ministers on the allocation of budgets for the forthcoming financial year, the Minister is to send to the Body a formal statement of its budgetary provision.

- 7.5 In response to this, each year the Body is to prepare a business plan setting out the level of service to be achieved in key areas and the performance and output information to be collected to monitor progress. The business plan is to be informed by the Minister's remit letter and the confirmed level of funding available. It is for the Board to determine the precise content of this plan. The Body will need to ask the Minister to note the business plan via the Partnership Team.
- 7.6 The business plan must reflect the principles of the Well-being of Future Generations (Wales) Act 2015, and the Body must set out how it will use the five ways of working set out in the Act and how it will contribute to achieving the seven wellbeing goals.

Publication of Plans

- 7.7 The Body is to ensure both the Corporate and Business Plans are made available to the public.

Budget Planning

- 7.8 WG's budget planning arrangements are governed by the requirements of the Government of Wales Act 2006 and the Standing Orders of the Senedd.
- 7.9 The Body must co-operate with the Partnership Team by providing all necessary assistance and information to WG to take forward its budget planning decisions. During the budget planning period, the Body should indicate the total forecast income and expenditure for the year including assumptions on commercial and charging income.
- 7.10 The Minister will confirm both the net revenue and capital resource budgets and amount of grant-in-aid (cash) funding to be provided to the Body for the next financial year. As part of the net resource budget allocation, the Minister will also confirm the level of income which may be retained by the Body. This will normally be no later than one month after the final budget has been agreed by the Senedd. Any funding for the year in question must be authorised by the Senedd in the Annual Budget Motion.
- 7.11 Where possible, the Minister will also provide indicative budgets for subsequent years to inform budget planning. However, details of budgets for indicative years can decrease or increase according to Government priorities, changes to Ministerial Portfolios, machinery of government changes, budget fluctuations and/or concerns about the efficiency and/or effectiveness of the Body, which might be required to model different options for activity dependent on the funding available.

- 7.12 When setting resource and capital budgets and grant-in-aid requirements, consideration will be given to the levels of reserves (if any) held by the body and income expected from other sources.

8. Performance Management

- 8.1 The Body must operate management, information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against its objectives. It must inform the Partnership Team of any changes which make achievement of objectives more or less difficult.
- 8.2 In accordance with the reporting requirements set out in the oversight arrangements for the Body, key assurance documents, KPIs, details of actual and forecast expenditure, and other agreed monitoring information must be shared with the Partnership Team at agreed intervals to demonstrate milestones and targets are being achieved, and KPIs are within acceptable levels.
- 8.3 The Chair will also meet the Minister at least once a year to discuss progress.
- 8.4 It is the duty of the Partnership Team to undertake periodic assessments of the risk assurance available to them and may amend the level of oversight accordingly.

9. Revenue and Capital Resource Budgets

- 9.1 Expenditure against revenue and capital resource budgets must be recorded and monitored by the Body in accordance with HM Treasury's Consolidated Budgeting Guidance. These are the net expenditure limits for the Body in each year, including any use of reserves for which budgetary cover has been given and must be adhered to. Net expenditure above these limits may not be committed until or unless a revised budget has been agreed in writing by the Partnership Team.
- 9.2 The Body may not breach the component parts of the revenue and capital resource budgets. Approval must be sought in advance and in writing if the Body wishes to spend more in one category and less in another.
- 9.3 Revenue and capital resource budgets cover all income and expenditure by the Body, including ring-fenced grants provided by WG and income received from other sources.
- 9.4 If the body is designated in an Order under section 126A of the Government of Wales Act 2006, the net resource budgets, retained income limit, and grant-in-aid (cash) set for the year in question will be voted as part of the Senedd Budget Motion. If the body is not designated, only the grant-in-aid will be voted as part of the Budget Motion.

Income and Resource Budgets

- 9.5 All streams of income mentioned in the following paragraphs are treated as public funds and the requirements of this document apply equally to them.
- 9.6 The Body must seek, as far as possible, to maximise its income from sources other than the public sector where this is consistent with its functions (and is in line with the business and operational plans). It may retain income up to the level set out in the funding letter that is derived from. For example, proceeds from sale of land and buildings and other assets, grants given through lottery funds or other public means, any proceeds from the Body's commercial activities and those resulting from the sale of services into wider markets.
- 9.7 Income generated from site fees from third party Wind Farm Development under TAN8 and Future Wales should be surrendered to the Welsh Government unless agreed otherwise. The amount submitted will be net of the NRW costs of managing its role in directly furthering the Welsh Government's Energy Agenda, including compensatory mitigations.
- 9.8 Further information is provided at **Annex A**. Such activity must be undertaken in accordance with the terms of Managing Welsh Public Money and this Framework Document.
- 9.9 The limit for income which can be retained by the Body is set out in the funding letter. If total income is set to exceed that limit, the Body should discuss with the Partnership Team and seek approval from Welsh Government's Director of Finance.
- 9.10 Certain types of income, such as donations, grants for research from non-public organisations, or bequests given to the Body, may be restricted in their use. Such funds should be managed in accordance with the terms of the donation/grant or bequest. They must still be included within the income reported by the Body and form part of the income retention limit.
- 9.11 Income from charges is set to cover the related expenditure and prioritised and used for charge-related programmes and investments. However, with WG approval, any surplus can be used for wider NRW capital investments.

Grants, Loans and Contracts given by the Body to other Entities

- 9.12 This section confers permission for NRW to give grants to other bodies as long as the following conditions are met. All grants must comply with the terms of *Managing Welsh Public Money* and be made subject to appropriate terms and conditions which provide adequate protection for the public purse.
- 9.13 Terms and conditions must, for example, allow for phased payments, reinforce rights of access for WG officials and the AGW, ensure the WG's financial interests

are adequately protected, and allow for clawback in certain circumstances, e.g. if grant monies are used other than for approved purposes.

9.14 ~~The Body must undertake appropriate and proportionate due diligence checks on the recipient entity of any funding, must take steps to appraise the financial standing recipient entity, e.g. by reviewing financial statements and compliance with statutory reporting bodies and carrying out checks with credit reference agencies.~~

9.15 The Partnership Team must be notified of any loan schemes the Body wishes to enter into. Where approval is given, borrowing must be managed under similar arrangements to those for grants.

State Aid

9.16 If the activity being supported is commercial or economic in activities, all support provided will need to comply with the UK subsidy control regime as well as all relevant international treaty obligations. The Body must apply the five subsidy criteria prior to award, ensure that support adheres to the seven principles for a compatible subsidy and further ensure that subsidies are appropriately managed, remembering that a subsidy is an advantage in any form whatsoever, conferred on a selective basis to an undertaking engaged in economic activity, giving it an advantage it would otherwise not have had. The Body is responsible for ensuring appropriate levels of transparency in reporting on the types of aid which have been provided. Please refer to the [UK Government's guidance](#) on the awarding of subsidies for further information.

9.17 The WG operates a pre-notification system for any decisions the Body makes that could impact on Welsh Government's Consolidated Accounts. Detail of these decisions is set out in **Annex A**.

10. Grant-in-aid and Cash Management

10.1 Grant-in-Aid is the amount of cash payable by the WG to the Body in each year to fund its operations and is independent of the budget figures, although derived from them. It does not include depreciation or any budgetary cover allocated by the WG for the Body's use of its own reserves.

10.2 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of cash need and from a person authorised to do so. The Body will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other funds shall be kept to a minimum level consistent with the efficient operation of the Body. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to Senedd approval of the relevant Budget Motion provision, where grant-in aid is delayed to avoid excess cash balances at

Commented [FC3]: TO BE RESOLVED - wording proposed following advice from Grants Manager. The previous wording suggested that NRW would review the financial statements of each recipient entity. A review of financial statements would include reviewing the balance sheet, income statement, cashflow and statements of shareholders equity. In line with cabinet office requirements and the cabinet office's due diligence template we had only intended to undertake this level of assessment where the grant was either over £100k or where the initial due diligence checks highlighted a financial risk.

However, Sponsorship Team have flagged that this is a material change and have requested a discussion at the Sponsorship Comm on 25 Jan to cover: what exactly will the initial due diligence checks include, and what would trigger a full check?

the year end, the WG will make available in the next financial year any such grant-in-aid required to meet any liabilities at the year end, such as creditors.

- 10.3 As a minimum, the Body shall continue to provide the WG with regular information via its grant-in-aid claims which will enable the WG to monitor satisfactorily:
- the Body's cash management;
 - its draw down of grant-in-aid;
 - forecast resource outturn by resource headings; and
 - other data required for HM Treasury's reporting systems.

In-Year Cash Balances

- 10.4 Cash balances accumulated during the course of the financial year must be kept at the minimum level consistent with the efficient operation of the Body.
- 10.5 The Body must seek to avoid holding a working balance in excess of the equivalent of **4 per cent** of its annual income (including grant-in-aid) budget when it receives each instalment of grant-in-aid. Any funds exceeding that amount held by the Body as a working balance at the end of each funding period are to be taken into account in determining the amount of cash to be paid in the following period.

End of Year Cash Balances

- 10.6 The Body is permitted to carry-over from one financial year to the next any drawn but unspent cash balances of up to **2 per cent** of its annual income (including grant-in-aid) budget. Any proposal to carry-over sums in excess of this amount must be agreed in writing in advance with the Partnership Team and the Welsh Government Director of Finance on a case by case basis. Any sum carried-over in excess of the agreed amount is to be taken into account in the subsequent year's grant-in-aid.

Interest Earned on Cash and Bank Balances

- 10.7 All interest, net of any bank charges, earned by the Body on its cash and bank balances is to be declared each month on the Body's drawdown request form and surrendered to HM Treasury via the Welsh Consolidated Fund. The exception here, is that interest earned on Bond accounts is retained by the Body and repaid to Bond holders.

11. Economy, Efficiency and Effectiveness

Evidence Base

- 11.1 In order to ensure value for money, the Body must have in place appropriate systems, and the capacity, to ensure its policies and programmes are evidence-based in relation to their development, implementation and evaluation.

Tailored Review

- 11.2 The Partnership Team will consider annually the need for a Tailored Review of the Body, which will be based on the risk framework and proportionate to the size of the organisation. Reviews will take place at a maximum interval of five years and the Body will be provided with advance notice of a review taking place. The purpose of the review is to provide assurance to the Minister the Body remains fit for purpose. The review will consider the Body's strengths and weaknesses and capacity for delivering more effectively and efficiently, including identifying the potential for efficiency savings, and, where appropriate, its ability to contribute to economic growth. It will also consider the control and governance arrangements in place to ensure the organisation and its Partnership Team are complying with recognised principles of good governance.

The terms of this Framework Document were noted by the Minister for Climate Change on [date].

Signed..... Director General for Economy,
Skills and Natural Resources

Dated.....

Signed..... Chief Executive

Dated.....

Annex A: Delegations

Public Bodies Calling-in Arrangements – Approval, Pre-notification and Notification Arrangements

1. Public Bodies Unit (PBU) has agreed with the First Minister transitional arrangements to provide assurance to him and the Permanent Secretary that the removal of the calling-in procedures with Arms-length Bodies does not pose any risk to the Welsh Government, or to the effective delivery of the Government's Programme. These are arrangements to provide the Welsh Government with baseline data by which it can assess the volume of issues where responsibility is being transferred and to be sighted on the approach each body is taking to the new arrangements.
2. The intention of these arrangements is to keep the Welsh Government informed of how the new process is working in practice, rather than the continuation of a mechanism for approval by the Welsh Government.
3. PBU has agreed with the First Minister to put in place ***Approval, Pre-notification and Notification*** arrangements for decisions previously the subject of calling-in arrangements.
4. Accounting Officers in Public Bodies will be accountable for the decisions requiring notification. The Welsh Government may give advice on issues requiring pre-notification, as set out in Table B, but it is ultimately for the Chief Executive to take the decision. In the event of the Body deciding to disregard Welsh Government's advice, the Partnership Team will recommend to the Minister that a discussion is held with the Chair, with the Minister reserving the right to overrule any decision falling into this category where the Body has chosen for no justifiable reason to disregard Welsh Government advice.
5. The exceptions will be the decisions contained in Table A where the Welsh Government will be responsible for the decision.

Table A Approvals

Decision	Approval
Appointment of Chief Executive	Additional Accounting Officer and Minister
Term of Government Corporate Plan	Minister
Budget and Cash Management a) Cash carry-over in year in excess of 4% of total Income (including Grant in Aid) / Cash b) Cash carry-over end of year in excess of 2% of total Income (including Grant in Aid) / Cash c) Establishing new subsidiary companies/joint ventures d) Any borrowing, lending, guarantees, indemnities or investment related to public money e) Retention of income over and above that set out in funding letter.	Welsh Government Finance Director Minister
Any decision set out in legislation as requiring consent of Welsh Ministers	
Redundancy arrangements based on the Civil Service Compensation Scheme (bodies with Civil Service Pension)	Head of Pay and Remuneration who will seek advice of the Minister as appropriate.

Table B Pre-notification Arrangements

6. CEOs should notify their Partnership Team of any proposed decisions falling under the following categories as and when they arise to allow Welsh Government to provide appropriate advice. Partnership Teams will aim as far as possible to respond within two weeks. Should the Body decide to disregard Welsh Government's advice, the Partnership Team may escalate the matter to the Minister, who reserves the right to overrule a decision taken by a Public Body which, after discussion, is not justifiable.
7. These decisions should also form part of a 'stocktake' discussion at quarterly monitoring meetings:

Decision	Pre-notification Action	Further Advice
Novel, contentious or repercussive proposals in line with Managing Welsh Public Money, including, but not restricted to, proposals that:	Partnership Team, in conjunction with the appropriate policy teams, to prepare advice to discuss with Public Bodies Unit, who will seek written	Additional Accounting Officer and Minister, as appropriate

Decision	Pre-notification Action	Further Advice
<ul style="list-style-type: none"> • Are not standard practice • Are politically sensitive and/or likely to attract negative media attention • Could result in unwelcome consequences for the organisation and/or for the wider public sector 	advice of the Corporate Governance Centre of Excellence and any other Body with expertise in the issue.	
Any course of action considered by the Board that would contravene the principles of regularity, propriety, prudent and economic administration, efficiency and effectiveness and which the CEO has advised against.	Partnership Team to prepare advice to Additional Accounting Officer	Additional Accounting Officer
Policy or practice change that has wide financial implications	Partnership Team to prepare advice to Head of Budgetary Control copied to Public Bodies Unit	Minister, as appropriate
Staff remuneration & terms and conditions	Partnership Team to submit proposals to Head of Pay and Remuneration, Public Bodies Unit on: <ul style="list-style-type: none"> • changes falling outside WG public sector pay principles; • organisational design changes likely to lead to severances 	Minister, as appropriate
Anything that might affect the future level of resources required, e.g. potential budget pressures or underspends	Partnership Team to consider	Welsh Government Finance Director, as appropriate

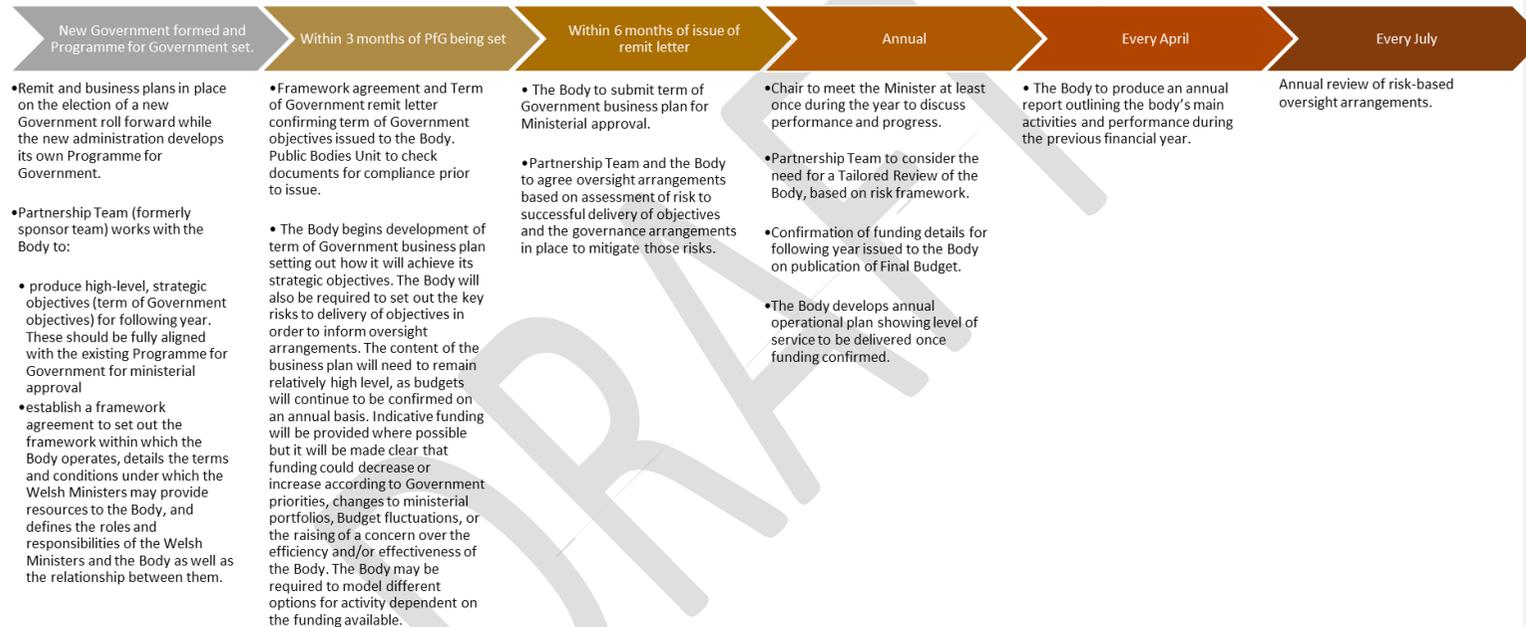
Commented [FC4]: Discussion at Sponsorship Committee on 25 Jan to clarify and agree interpretation.

Other Notification Arrangements

8. The Chief Executive should notify the Partnership Team at their quarterly monitoring meetings of any other decisions they have made or are likely to make in the next quarter that would previously have been referred to the Welsh Government.

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Annex B: Term of Government Remit Process



Annex C: Memorandum for the Accounting Officer of Natural Resources Wales

Introduction

1. This Memorandum sets out the responsibilities of the Chief Executive of the Natural Resources Body for Wales (the "Body") who is designated as an Accounting Officer (AO).
2. Public bodies are financed in a variety of ways, for example by grant-in-aid, grant, income from fees and charges or private sector funds. An Accounting Officer (AO) is designated for those bodies that are financed by a large grant or grant-in-aid or where the accounts of the body are to be laid before Senedd Cymru. Where it is in the interests of public accountability, the Welsh Government will also designate an Accounting Officer (AO) for a body that receives its primary funding from other sources. It is an important principle that, regardless of the source of the funding, Accounting Officers (AO) are responsible to Parliament and Senedd Cymru for all the resources under their control.
3. The Principal Accounting Officer (PAO) for the Welsh Ministers, designated in accordance with Section 129 (6) of the Government of Wales Act 2006 (the 2006 Act), is responsible for ensuring the appointment of appropriate Accounting Officers for public bodies sponsored by the Welsh Government. The PAO has, in turn, delegated to their Additional Accounting Officers (designated under Section 133 (2) of the 2006 Act) responsibility for designating as AAO the senior officials of bodies for which their Directorates have oversight.

The General Responsibilities of the Arm's-length Body's Accounting Officer

4. Your designation as AO reflects the fact that under the Board (whether or not you are a member of the Board), you are responsible for the overall organisation, management and staffing of the body and for its procedures in financial and other matters.
5. You must ensure that there is a high standard of financial management in the Body as a whole; that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the body; and that financial considerations, including feasibility and sustainability, are taken fully into account in decisions on policy proposals.

The Specific Responsibilities of the Body's Accounting Officer

6. The essence of the AO's role is a personal responsibility for the propriety and regularity of the public finances for which you are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources.

7. As Accounting Officer you must:

- ensure that a sound system of internal control is maintained in your organisation to support the achievement of its policies, aims and objectives and should regularly review the effectiveness of the system;
- ensure that the resources for which you are responsible are properly and well managed (see paragraph 8 below) and safeguarded, with independent and effective checks of cash balances in the hands of any official;
- ensure that assets for which you are responsible, such as land, buildings or other property, including stores and equipment are controlled and safeguarded with similar care, and with checks as appropriate;
- ensure that, in the consideration of policy proposals relating to the expenditure or income for which you have responsibility, all relevant financial considerations, including feasibility and sustainability, are taken into account, the value for money of the proposal is assessed in accordance with the principles set out in HM Treasury guidance “The Green Book: *Appraisal and Evaluation in Central Government*”; full regard is given to any issues of propriety and regularity; and good quality programme and project management techniques are used as appropriate to track progress and, where necessary, adjust progress. Where necessary, such considerations should be brought to the attention of the Board;
- ensure that risks (whether to the achievement of business objectives, regularity and propriety or value for money) are identified, that their significance is assessed, and that appropriate systems are in place to manage them;
- ensure your management of opportunities and risk achieves the right balance commensurate with the business of your organisation and the risk appetite you are prepared to bear;
- have in place arrangements to counter fraud and ensure that procedures for dealing with suspected cases are complied with; and
- ensure that your organisation conforms with the requirements of the Framework Document.

8. You should also ensure that managers at all levels:

- have a clear view of their objectives, and the means to assess and, wherever possible, measure outputs or performance in relation to those objectives;
- are assigned well defined responsibilities for making the best use of resources (both those consumed by their own commands and any made available to organisations or individuals outside the body) including a critical scrutiny of output

- and value for money;
 - have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively; and
 - you must make sure that their arrangements for delegation promote good management and that they are supported by the necessary staff with an appropriate balance of skills. Arrangements for internal audit should accord with the objectives, standards and practices set out in the Public Sector Internal Audit Standards.
9. There must be no doubt that the Accounting Officer meets the highest standards of probity without divided loyalties. Potential conflicts of interest must be managed effectively and in line with the guidance set out in Managing Welsh Public Money.

Accountability to Senedd Cymru

10. As Accounting Officer, you are accountable to Senedd Cymru for:
- ensuring high standards of probity in the management and control of public funds within your organisation. You will report on this in your signed Governance Statement, which will form part of the Annual Report and Accounts.
 - ensuring that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of management as well as in the form prescribed for published accounts;
 - signing the accounts assigned to you and, in doing so, accept personal responsibility for their proper presentation as prescribed in legislation, the account direction and relevant guidance;
 - signing a statement of Accounting Officer's responsibilities for inclusion in the Annual Report and Accounts;
 - giving evidence, including attending hearings, on matters relating to the Body which arise before the Senedd's Public Accounts & Public Administration Committee, other committees of the Senedd, the House of Commons Committee on Public Accounts or other Parliamentary Committees, to account for the Body's stewardship of public resources; and
 - responding to any recommendations from those committees made directly to the Body, and acting on any recommendations that have been accepted by the Welsh Government.

Appearance before the PAC or the House of Commons Committee on Public Accounts

11. Both the AGW and, in some circumstances, the Comptroller and Auditor General may carry out examinations into the economy, efficiency and effectiveness with which your organisation has used its resources in discharging its functions. As AO, you may expect to be called upon to appear before the appropriate Committee from time to time, normally with the AAO or possibly with the PAO, to give evidence on the reports arising from these examinations, and to answer the questions of the Committees on your Annual Report and Accounts.

12. The House of Commons Committee of Public Accounts may request the PAC to take evidence on their behalf and report back to them on the evidence received. As AO, you may be supported by other officials, who may join you in giving the evidence. In giving evidence, you will be expected to furnish either Committee with explanations of any indications of weakness in the matters covered in paragraphs 4-9 above, to which their attention has been drawn by the AGW or the C&AG or about which they may wish to question you.
13. In practice, an AO will normally have delegated authority widely, but cannot on that account disclaim responsibility. Nor, by convention, does the incumbent AO decline to answer questions about events that took place before taking up appointment. The Committees may be expected not to press the incumbent's personal responsibility in such circumstances.
14. High importance is attached to accuracy of evidence, and the responsibility of witnesses to ensure this. As AO, you should ensure that you are adequately and accurately briefed on matters which are likely to arise at the meeting. The Committees may be asked for leave to supply information not within their immediate knowledge by means of a later note. Should it be discovered subsequently that the evidence provided to the Committee(s) contained errors, these should be made known to the Committee(s) at the earliest possible moment.
15. In general, the rules and conventions governing appearances of officials before Parliamentary Committees apply to these Committees, including the general convention that officials do not disclose advice they have given to the Board. Nevertheless, in a case where a direction concerning a matter of propriety or regularity was issued, the AO's advice, and its overruling by the Board, would be disclosed.
16. In a case where the advice of an AO has been overruled in a matter of value of money or feasibility (rather than regularity or propriety), the AGW or C&AG will have made clear to the relevant Committee that the AO was overruled. You should, however, avoid disclosure of the advice given or disassociation from the decision. Subject, where appropriate, to the Board's agreement you should be ready to explain such a decision and may be called on to satisfy the Committee that all relevant financial considerations were brought to the Board's attention before the decision was taken. It will then be for the Committee to pursue the matter further with the Board if it so wishes.

Absence of an Accounting Officer

17. An AO should ensure that they are generally available for consultation and that in any temporary period of unavailability due to illness or other cause, or during the normal periods of annual leave, there will be a senior official in the organisation who can act on their behalf if required.

18. If the post of Chief Executive (or equivalent) is vacant or it becomes clear that they are incapacitated and unable to discharge their responsibilities as AO, the AAO should be notified so that an acting AO can be formally designated, pending the AO's return or a new AO being appointed.

19. The PAC or the House of Commons Committee on Public Accounts may be expected to postpone a hearing if the relevant AO is temporarily indisposed. Where the AO is unable by reason of incapacity or absence to sign the accounts in time to submit them to the AGW, unsigned copies may be submitted pending the AO's return. If the AO is unable to sign the accounts in time for printing, the acting AO should sign instead.

Accountability to the Board

20. You must take care to bring to the attention of the Board any conflict between their instructions and your AO duties. You cannot simply accept the Board's aims or policies without examination. There is no set form for registering objections, though you should be specific about their nature. The acid test is whether you could justify the proposed activity if asked to defend it.

21. If, despite your advice, the Board decides to continue with a course you have advised against, you should ask the Board for a formal direction to proceed, noting the possibility of a Senedd Public Accounts Committee (PAC) investigation. Directions of this kind are rare. Examples of where this procedure is appropriate are set out below:

- **Regularity** - if a proposal is outside the legal powers of your organisation, Parliamentary or Senedd consents, Welsh Government delegations or incompatible with the agreed spending budgets;
- **Propriety**- if a proposal would breach Parliamentary or Senedd control procedures or expectations;
- **Value for Money** – if an alternative proposal, or doing nothing, would deliver better value, for example: a cheaper, higher quality or more effective outcome;
- **Feasibility** – where there is serious doubt about whether the proposal can be implemented accurately, sustainably, or to the intended timetable.

22. When a direction is made, you must:

- Follow the Board's direction without further ado;
- Copy the relevant papers to the Auditor General for Wales (AGW) and your Partnership Team, who will draw the matter to the attention of the Welsh Government AAO. The AGW will normally draw the matter to the attention of the PAC. Provided you have followed this procedure, the PAC can be expected to recognise that you bear no personal responsibility in your AO role for the transaction. You must arrange for the existence of the direction to be published in the report and accounts, unless the matter must be kept confidential;
- If asked, for example during the course of a PAC hearing, explain the Board's

course of action. This respects the Board's rights to frank advice while protecting the quality of internal debate.

Accountability to the Partnership Team

23. As AO, you are accountable to the Partnership Team for:

- notification of important or significant decisions, in accordance with guidance set out at in the framework document;
- providing sources of evidence to enable the Partnership Team to determine appropriate oversight arrangements;
- ensuring attendance and effective participation in monitoring meetings, and timely forecasts and monitoring information on performance and finance are provided to the Partnership Team;
- ensuring significant problems are notified to the Partnership Team Division as quickly as possible;
- providing the Partnership Team with such information about its performance and expenditure as the team may reasonably require.

Partnership Working

24. Public bodies increasingly work in partnership with other organisations to achieve their strategic aims and objectives. You should ensure that the wider impact of the activities for which you are responsible are properly identified and, where appropriate, taken account of before proceeding. Your organisation may contribute to a joined-up activity led by another organisation (whether in the public or private sectors) in the pursuit of its objectives.
25. Such a contribution may be considered appropriate even though it would not directly contribute to the achievement of your organisation's wider objectives. In such circumstances you will need to show that the participation represents good value for money overall and that appropriate controls are in place to safeguard propriety and to provide proper accountability.
26. Accounting Officers can take joint responsibility for the delivery of a service through joined-up working. Where you and another AO take joint responsibility, the lines of responsibility need to be clearly documented to ensure absolute clarity in terms of what each of you is responsible and accountable for.

Regularity and Propriety of Expenditure

27. You have a particular responsibility for ensuring compliance with Parliamentary and Senedd requirements in the control of expenditure and any requirements imposed by the Partnership Team. A fundamental requirement is that the funds should be applied only to the extent and for the purposes authorised by the Senedd. The Senedd's attention must be drawn to losses or special payments, by appropriate notation of the relevant account.

28. You are responsible for ensuring that appropriate approval for expenditure has been obtained from the Welsh Government in all cases where it is required, including cases involving pay, pensions and conditions of service. This will include any expenditure not covered by any authorities delegated by the Welsh Government to the body. Delegated authority does not remove the obligation to submit to the Welsh Government proposals which are novel, contentious or repercussive. Please see **annex A** for details. You are also responsible for ensuring that adequate machinery exists for the collection of and bringing to account in due form all income and receipts of any kind for which you are responsible.

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Board Forward Look March						
	Item	Private/ Public	Scope	Purpose	Time	Sponsor
1	Open meeting	Public and Private	Standing Item		5	Chair
2	Review Minutes	Public and Private	Standing Item		5	Chair
3	Chair's Update	Public and Private	Standing Item		10	Chair
4	CEO Update	Public and Private	Standing Item		10	Clare Pillman
5	Committee Update	Public and Private	Standing Item		10	Chairs of Committees
6	Finance Report	Private	Decision	Approval of latest financial position	20	Rachael Cunningham
7	Draft Budget and Business Plan 2022/23	Private	Decision	Approval of draft Business Plan and Budget 2022/23	60	Rachael Cunningham Prys Davies
8	Grants Programme Update	Private	Scrutiny	Quarterly report on progress on the recovery action plan project	20	Ceri Davies
9	Wild Bird Review	Private	Decision	For Board approval of the approach to Wild Birds following the consultation	30	Ceri Davies
10	Annual Review of Charges	Private	Decision	Approval of the final Annual Scheme prior to sending for approval by the Minister	30	Ceri Davies
11	Wellbeing Health & Safety Quarter 3 Report	Public	Scrutiny	To scrutinise the Wellbeing Health & Safety Q3 Report	20	Prys Davies
12	Review of Forestry Safety	Public	Discussion	Update on the review of forestry safety	25	Prys Davies
13	Timber and Forestry Update (General)	Public	Discussion/ Decision	Update on Timber and Forestry issues	45	ET
14	Gender Pay Gap	Public	Approval	To approve the Annual Report	20	Prys Davies

Board Forward Look March						
	Item	Private/ Public	Scope	Purpose	Time	Sponsor
15	Place Presentation Themes	Public	Scrutiny/ Discussion	Discussion of the cross-cutting themes from the Place presentations	60	Gareth O'Shea
16	Protected Sites Service and Delivery Planning	Public	Scrutiny	To provide an overview of the Protected Sites Action Plan	40	Gareth O'Shea
17	Agreement of Process for NRW sign-off of PSB Well-being Plan	Public	Approval	To approve PSB Wellbeing Plans Subgroup	20	Ceri Davies
18	Digital Strategy	Public	Scrutiny/ Decision	To approve the Digital Strategy	30	Sarah Jennings
19	NRW's role as both a campaigner and regulator	Public	Discussion	Strategic Discussion on the balance of NRW's role as both a campaigner and regulator	60	Sir David Henshaw
20	Board Forward Look	Public	Discussion	To discuss upcoming items	5	Prys Davies
21	Public Q&A	Public		An opportunity for the public to speak to the Board	30	
22	AOB	Public and Private		If raised	5	

Board Paper

	Paper Details
Paper title:	NRW's Counter Fraud Strategy 2022 - 2026
Paper Reference:	22-01-B17
Paper sponsored by:	Rachael Cunningham, Executive Director of Finance and Corporate Services
Paper Presented by:	Robert Bell, Head of Finance
Purpose of the paper	Scrutiny and Approval
Recommendation	To scrutinise and approve the strategy.

Issue

1. The diverse range and nature of our services and activities, coupled with the size of our operations and budgets, inevitably put NRW at risk of fraud and corruption from both internal and external sources.
2. Applying the Cabinet Office estimates to annual devolved expenditure in Wales of around £20 billion gives a possible estimated value of losses to fraud and error in the Welsh public sector of £100 million to £1 billion per annum. The losses caused by fraud in the public sector are significant. Every pound lost to fraud is a pound that NRW could spend on sustainably managing the environment and natural resources.
3. We have developed the new Counter Fraud Strategy for 2022-26 in consultation with internal stakeholders and used best practice within the Public Sector. The Executive Team have endorsed the strategy together with the governance arrangements and the five-year plan. In December 2021, the Audit and Risk Assurance Committee (ARAC) provided suggestions for improvement which have been worked into the strategy and relevant appendices prior to submission to the NRW Board.

Background

4. The Financial Governance team in collaboration with Internal Audit have reviewed and redrafted NRW's Counter Fraud Strategy which is now aligned with the

Government Functional Standard and recommendations from Audit Wales and will recommend the direction and desired outcomes relating to counter fraud, bribery, and corruption over the next five years.

5. Progress on the current strategy between 2016 - 2021 was limited due to the volume of suspected fraud cases requiring investigation. In 2021 the remit of investigation into allegations of fraud, bribery, or corruption moved to the Internal Audit team. This change will enable the Financial Governance team to focus on delivering the works outlined in the Counter Fraud Delivery Plan (Annex A) to prevent and detect fraud, bribery, and corruption and recoup any associated losses.

Summary

6. It is recognised that leadership from the top is essential for counter fraud to be taken seriously throughout the business. To effectively embed the strategy and develop a counter fraud culture, endorsement and commitment to the strategic approach is required from the Executive Team, ARAC and the NRW Board.
7. All works under the strategy will be led by the Finance and Corporate Services Directorate and the Financial Governance Team. However, the strategic approach requires commitment from across the directorates as there will be elements of work requiring input from the wider business. Activities will include mandatory training, and consultation in relation to risk identification and process improvement. This will ensure that NRW meets the minimum necessary standards, while adopting a proportionate approach to counter fraud that compliments the organisation's needs and increases efficiency where possible. In all cases resource requirement will be kept to the minimum required given current workload pressures.
8. The Counter Fraud Strategy sets out the following objectives:
 - **Leadership and culture** – The Executive Team and Leadership Group will champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.
 - **Risk Management & Control Framework** - NRW will undertake comprehensive fraud risk assessments using appropriately skilled staff. Fraud Risk Assessments will be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.
 - **Policies & Training** – NRW will have a comprehensive and up-to-date Governance and Management Framework (Annex C) that supports a cohesive strategy for identifying, managing, and responding to fraud risks. Staff working in NRW will receive fraud awareness training as appropriate to their role to increase organisational effectiveness in preventing, detecting, and responding to fraud. Cases, where fraud is identified and successfully addressed, will be publicised to re-enforce a robust message from the top that fraud will not be tolerated.

- **Capacity & Expertise** – NRW will build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against perpetrators and the recovery of losses. NRW will have access to trained counter-fraud staff that meet recognised professional standards (within the Financial Governance Team).
 - **Tools & Data** – NRW will explore and embrace opportunities to innovate with data analytics to strengthen both the prevention and detection of fraud. NRW will develop and maintain dynamic and agile counter-fraud responses that maximise the likelihood of a successful enforcement action and re-enforces the message from the top that NRW will not tolerate fraud.
 - **Collaboration** – Where possible NRW will work with other public bodies under the Digital Economy Act and use developments in data analytics to share data and information to help find and fight fraud. NRW will collaborate with professional networks e.g. Wales Fraud Forum and Cross Government Investigators Network.
 - **Report & Scrutiny** – NRW will collate information about losses and recoveries and share fraud intelligence with other public sector bodies in Wales to establish a more accurate national picture, strengthen controls and enhance monitoring and supported targeted action. ARAC will be fully engaged with counter-fraud, providing support and direction, monitoring, and holding officials to account.
9. We recommended that high-risk business areas, where appropriate, will nominate a Counter Fraud Champion who will work collaboratively with the Financial Governance Team to promote awareness of fraud, bribery, and corruption within NRW, inform process improvements and drive cultural change. Counter Fraud Champions will receive training as required from the Financial Governance Team and will be required to attend knowledge sharing meetings which will be outlined in the Annual Counter Fraud Delivery Plan. The high-risk areas are listed below in the Key Risks section. We don't see this as a burden for these areas as there will already be staff responsible for processes, controls, and segregation of duties.
 10. Internal Audit will report quarterly to the Executive Team and ARAC on all reported Frauds, Bribery or Corruption allegations together with the outcome of investigations or closure of cases.
 11. The Financial Governance Team will report to the Accounting Officer, the Executive Team and ARAC annually on how NRW is performing against the Counter Fraud Delivery Plan. The report will also detail areas of improvement based upon lessons learnt, incident management, identified loss from fraud, bribery, corruption, and error; and associated recoveries and prevented losses. These will also be reported to the counter fraud centre of expertise according to the agreed government definitions. Losses and recoveries will be reported using a consolidated data request in accordance with the timescales set by the Cabinet Office.

12. NRW cannot establish effective counter-fraud arrangements in isolation. We will work collaboratively with relevant professional groups (Wales Fraud Forum, Cross Government Investigators Network, and National Anti-Fraud Network) and peers undertaking the Counter Fraud function in similar bodies to maximise our response to fraud and support benchmarking of NRW's counter fraud function. Collaboration is an increasingly important aspect of public service, particularly in the context of reduced funding and the need to do more with less. The Annual Counter Fraud Delivery Plan will detail the potential collaborations.
13. The Financial Governance Team will also work closely with Internal Audit and Corporate Governance to ensure that our respective work areas compliment each other and prevents overlap and duplication.

Key Risks

14. In August and September, we undertook a high-level risk assessment to determine NRW's key risk areas. We utilised analysis of previously collected risk data, consulted with Internal Audit, Government Standards and circulations and peer consultation. The following business areas were identified as those with the highest risk potential:
 - Cyber-attack (phishing)
 - Conflicts of Interest
 - Procurement
 - Contract Management
 - Commercial income (Timber Sales and Renewable Energy)
 - Transactional Finance
 - Time management (hybrid working)
 - Cash Management (Visitor centres)
 - Grants
15. In addition, interviews were held with team leaders in key risk areas and we conducted an all staff survey. The survey tested staff knowledge of the policies and procedures in place to counter fraud, bribery, and corruption.
16. During the risk assessment meetings, common themes emerged, including:
 - Cyber security (e.g. phishing emails etc).
 - Conflicts of Interest and collusion is a perceived threat.
 - Weaknesses in compliance with NRW policy.
 - Too many layers of governance and in some instances too much separation of duties resulting in delays which could raise potential for corner cutting.
 - Timekeeping in respect of working from home identified as a potential threat.
17. Results from the all staff survey identified that most respondents know where to locate the policy and procedure in respect of fraud, bribery, and corruption. However, staff knowledge of the correct reporting procedure and knowledge of NRW's whistleblowing policy/hotline was raised as an issue on a few occasions.
18. The Annual Counter Fraud Delivery Plan will detail how risks will be reviewed, their escalation process and the responsible individuals involved in completing the assessments and reviews. These fraud, bribery, and corruption risk assessments will

be integrated within NRW's wider risk management framework via strategic and directorate risk registers.

Next Steps

19. Following comments and approval from the NRW Board the Strategy will be translated to Welsh and published in end of March 2022, in readiness for the next financial year.
20. Fraud is an emotive topic and to ensure that the Strategy is received as intended it will require sensitive communication. It is proposed that the Strategy should be launched with full Executive Team, ARAC and NRW Board support.
21. A summary document is in development which will be used to highlight key elements of the strategy for communication purposes.

Financial Implications

22. The primary financial implication will be for the Financial Governance Team who will be responsible for coordinating and driving all work under the counter fraud strategy whilst retaining a central overview of our progress. Currently we believe that is possible within the current structure and the Financial Governance Manager will be responsible for overseeing the delivery of the strategy. The annual plan will set out the work that is required each year to meet the requirements of the strategy, subject to approval by the Executive Team.
23. The counter fraud strategy will focus on preventing, detecting, and recovering funds lost through fraud, bribery, and corruption. In addition, to this any fines imposed through non-compliance with the Bribery Act 2010 would far outweigh the financial impact associated with implementing the strategy.

Equality Impact Assessment (EqIA)

24. An Equality Impact Assessment has been undertaken for this report.

Index of Appendices

Annex 1 – Counter Fraud Strategy 2022 – 2026 (Including additional appendices of the Strategy which has 3 annexes: Annex A – Counter Fraud Delivery Plan and Annex C – Governance and Management Framework)

Please note that the Counter Fraud Strategy references Annex B - Reporting processes and procedures for Fraud, Bribery & Corruption. This document is still in development and will be submitted as an update when available. Formal reporting processes and procedures for Fraud, Bribery, and Corruption are published on NRW's intranet page.



Counter Fraud, Bribery & Corruption Strategy 2022 – 2026

Nikki Thomas
Financial Governance Advisor

Version: 1
Dated March 2022

Published by:
Natural Resources Wales
Cambria House
29 Newport Road
Cardiff
CF24 0TP

0300 065 3000 (Mon-Fri, 8am – 6pm)

enquiries@naturalresourceswales.gov.uk
www.naturalresourceswales.gov.uk

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A – Annual Counter Fraud Delivery Plan 2021-26

B – Reporting processes and procedures for Fraud, Bribery & Corruption

C – Counter fraud bribery and corruption governance and management framework

1. Introduction

Natural Resources Wales (NRW) is proud to be leading the way to a better future for Wales by managing the environment and natural resources sustainably. Employing over 2,000 staff and with an annual budget of over £200 million. The diverse range and nature of services and activities coupled with the size of its operations and budgets inevitably put NRW at risk of fraud and corruption from both internal and external sources.

The Cabinet Office estimates losses to fraud and error in the Welsh public sector of £100 million to £1 billion per annum. The losses caused by fraud in the public sector are significant. Every pound lost to fraud is a pound that NRW could spend on managing the environment and natural resources sustainably.

To achieve our ambition and meet our responsibilities, our organisation must understand the importance of counter fraud and increase our resilience to fraud, bribery, and corruption. This document provides a 5-year framework outlining our strategic approach to achieving our vision:

“Funds dedicated to the natural resource management of Wales are protected against the risks of fraud, bribery and corruption.”

2. Context

There are five internationally recognised principles for public sector fraud, and our counter fraud work is based on and predicated by these underlying principles:

1. **There is always going to be fraud**
Some individuals will look to make gains where there is an opportunity, and NRW needs robust processes to prevent, detect and respond to fraud and corruption.
2. **Finding fraud is a good thing**
If you don't find fraud, you can't fight it. This requires a change in perspective, so fraud identification is a positive and proactive achievement.
3. **There is no one solution**
Addressing fraud needs a holistic response incorporating detection, prevention, enforcement, and redress, underpinned by a strong understanding of risk. It also requires cooperation between organisations via collaborative working.
4. **Fraud and corruption are ever changing**
Fraud, and counter fraud practices, evolve very quickly, and NRW must be agile and change its approach to deal with these evolutions.
5. **Prevention is the most effective way to address fraud and corruption**
Preventing fraud through effective counter fraud practices reduces the loss and reputational damage. It also requires fewer resources than an approach focused on detection and recovery.

Main risks and challenges facing NRW

Environmental Impact - Fraud can lead to immediate and long-term environmental damage through pollution and damaging ecosystems and biodiversity and can also result in significant clean-up costs. It can also result in greater burdens on charities and community services who assist.

Human Impact - Fraud against public bodies is not a victimless crime. Fraud can be a traumatic experience that often causes real and irreversible impacts for NRW, its staff and the wider public.

Government Outcomes Impact - Fraud against NRW compromises our ability to deliver services and achieve intended outcomes. It can lead to programme failure and lost opportunities for individuals and businesses. It can have an adverse reputational impact especially if linked to corruption.

Business and Financial Impact - Based on international estimates, public bodies generally lose between 0.5% and 5% of their spending to fraud and related loss. There is also a cost to understand their potential losses and how to mitigate them. Business costs for dealing with fraud are also significant and extensive and go well beyond the direct financial loss.

According to the Association of Certified Fraud Examiners (ACFE), there are three main categories of fraud that affect organisations.

1. **Asset misappropriations** - involves the theft or misuse of an organisation's assets. Examples include theft of plant, inventory or cash, false invoicing, accounts receivable fraud, and payroll fraud.
2. **Fraudulent statements** - usually in the form of falsification of financial statements to obtain some form of improper benefit. It also includes falsifying documents such as employee credentials.
3. **Corruption** - includes activities such as the use of bribes or acceptance of 'kickbacks', improper use of confidential information, conflicts of interest and collusive tendering.

Surveys have shown that asset misappropriation is the most widely reported type of fraud in UK, although corruption and bribery are growing the most rapidly.

Current challenges include, changes to investigative processes (e.g. challenges in gaining access to evidence or conducting remote interviews, inability to travel) and to the control/operating environment (e.g. process/ control exceptions, changes in controls/processes due to shift to remote work, staffing changes/reductions).

These two factors are also expected to remain however while other challenges are expected to begin easing, technological challenges are projected to grow slightly post-pandemic.

How the fraud, bribery, and corruption landscape may change over the next 5 years?

The pandemic has fundamentally changed the way many businesses and organisations operate, while also prompting actions from government to address the pandemic's impact through regulatory changes. These and other factors related to the COVID-19 pandemic have in turn affected the fraud risks affecting organisations.

A study undertaken by the Association of Certified Fraud Examiners (ACFE), in collaboration with Grant Thornton, surveyed anti-fraud professionals around the globe regarding the current and expected effects of COVID-19 on the fraud landscape. The report predicted significant growth in the following risk areas:

- Cyber-fraud (e.g. business email compromise, hacking, ransomware, and malware), and
- Social engineering (e.g., phishing, brandjacking, and baiting).
Other risks projected to see large increases include:
- Identity crime (e.g. identity theft, synthetic identity schemes, and account takeovers),
- Unemployment fraud, and
- Payment Fraud (e.g. credit card fraud and fraudulent mobile payments).

The most common pandemic-related challenges facing counter-fraud programmes are changes to investigative processes and changes in the control/operating environment.

NRW is a part of a growing, more organised community of highly skilled and driven public servants who are committed to finding and acting against fraud. Whilst continuously innovating to cope with the fiscal challenges and increasing demand in our front-line services, NRW is aware that changes in our systems, policies and processes have an impact on our fraud landscape and is committed to reducing the risk of fraud to the lowest possible level at all times. The strategy will be reviewed annually to reflect any changes in the fraud landscape.

3. Our Objectives

Our Counter Fraud Strategy objectives align with the Government Functional Standard (GovS 013: Counter Fraud v2 Aug 2021). The strategy will set the direction and desired outcomes relating to counter fraud, bribery, and corruption over the next 5 years.

In line with recommendations from the Audit Wales (“Raising our Game” Tackling Fraud in Wales July 2020) this strategy aligns with the seven ‘key themes’ that all public bodies need to focus on in raising their game to tackle fraud more effectively:

- **Leadership and culture** – The NRW Board, ARAC, Executive Team and Leadership Group will champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.
- **Risk Management & Control Framework** - NRW will undertake comprehensive fraud risk assessments, using appropriately skilled staff. Fraud Risk Assessments will be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.
- **Policies & Training** – NRW will have a comprehensive and up-to-date governance and management framework supports a cohesive strategy for identifying, managing, and responding to fraud risks. Staff working in NRW will receive fraud awareness training as appropriate to their role to increase organisational effectiveness in preventing, detecting, and responding to fraud. Cases where fraud is identified and successfully addressed will be publicised to re-enforce a robust message from the top that fraud will not be tolerated.
- **Capacity & Expertise** – NRW will build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against perpetrators and the recovery of losses. NRW will have access to trained counter-fraud staff that meet recognised professional standards.

- **Tools & Data** – NRW will explore and embrace opportunities to innovate with data analytics to strengthen both the prevention and detection of fraud. NRW will develop and maintain dynamic and agile counter-fraud responses that maximise the likelihood of a successful enforcement action and re-enforces the message from the top that NRW will not tolerate fraud.
- **Collaboration** – Where possible NRW will work with other public bodies under the Digital Economy Act and use developments in data analytics to share data and information to help find and fight fraud. NRW will collaborate with professional networks e.g. Wales Fraud Forum and Cross Government Investigators Network.
- **Report & Scrutiny** – NRW will collate information about losses and recoveries and share fraud intelligence with other public sector bodies in Wales to establish a more accurate national picture, strengthen controls and enhance monitoring and supported targeted action. ARAC will be fully engaged with counter-fraud, providing support and direction, monitoring, and holding officials to account.

4. Our Strategic Approach

Our approach has been endorsed by the NRW Board and uses NRW's values as guiding principles and incorporates the five ways of working recommended by the Wellbeing of Future Generations Act (2015). Our five-year strategy has been set against our objectives.

Leadership and culture

Strong leadership from the top of an organisation plays a crucial part in fostering a culture of high ethical standards. It is important that senior management lead by example and sends a clear message that fraud will not be tolerated either from inside or outside of the organisation. A strong tone at the top can raise the profile of fraud risks and promote the best standards and approaches in counter-fraud work.

The accounting officer has ultimate responsibility for the management of counter fraud, bribery, and corruption risk in NRW, and has a duty to report financial irregularity arising from fraud, bribery and corruption following Government Functional Standard GovS 006, Finance.

The Chair of ARAC supports the accounting officer by providing effective leadership at an organisational level to ensure NRW is managing the risk of fraud, bribery, and corruption.

The senior officer accountable for counter fraud within NRW is The Executive Director of Finance and Corporate Services and is accountable to ARAC for counter fraud in terms of the day-to-day management of counter fraud, bribery, and corruption risk in NRW.

A network of Counter Fraud Champions will be established across key business areas and will work collaboratively with the Financial Governance Team to promote awareness of fraud, bribery, and corruption within NRW, inform process improvements and drive cultural change.

NRW's [Code of Conduct](#) sets out the standards and behaviours expected of all NRW staff. The standards align with the Nolan Principles and Civil Service Code which outline the ethical standards those working in the public sector are expected to adhere to.

Every member of staff has a responsibility in safeguarding NRW from the risks of fraud, bribery and corruption and protecting the public purse and therefore have a role to play in the delivery of this strategy.

The Counter Fraud Governance and Management Framework details the roles and responsibilities of staff in protecting NRW from fraud, bribery, and corruption.

The Annual Counter Fraud Delivery Plan details specific actions to improve leadership and culture within NRW.

From 2022, those undertaking this role in government departments are required to be members of the counter fraud profession in line with the UK's anti-corruption strategy. When membership applications open, NRW will review the requirements and seek to apply if applicable.

Risk Management & Control Framework

A fraud risk assessment should be an honest appraisal of risks using a range of sources such as national and local intelligence, audit reports, brainstorming exercises, and data-matching results. Risk assessments should be live documents and kept under constant review. Having identified the risks, NRW can then evaluate them, assessing their likelihood and the impact if the fraud were to occur. It is only when risks are properly identified and evaluated that NRW can tackle the risks in a prioritised and proportionate way and put appropriate actions and controls in place to manage or mitigate these risks.

NRW will undertake varying levels of risk assessments including:

- High-level fraud, bribery and corruption risk assessment that gives an overview of the main risks and challenges facing NRW.
- Intermediate fraud, bribery and corruption risk assessment that extends to departmental functions, programmes, or major areas of spend; and
- Detailed fraud, bribery and corruption risk assessment that covers individual business units, projects, or programmes.

The Annual Counter Fraud Delivery Plan will detail how often these will be reviewed, their escalation process and the responsible individuals involved in completing the assessments and reviews. These fraud, bribery, and corruption

risk assessments will be integrated within NRW's wider risk management framework via strategic and directorate risk registers.

It is important that NRW has an effective control framework to help mitigate the risks identified. A strong internal control environment can help to prevent fraud from happening in the first place and detect fraud if an instance has occurred. Fraudsters will try to circumvent established controls and it is important that controls are regularly reviewed. A strong control programme whereby fraudsters are faced with a real prospect of detection helps mitigate the risk. When frauds are discovered, controls should be reviewed to identify weaknesses and introduce improvements. The Counter Fraud function will work closely with Internal Audit who has expertise in designing and testing controls and they should undertake work on key systems on a risk-based approach as part of the Annual Internal Audit Plan.

NRW will have an established and documented reporting route for staff, contractors, and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations. (The reporting process for Fraud, Bribery & Corruption is outlined – Appendix B).

Internal Audit will maintain a record of all reported potential instances of fraud, bribery, and corruption. This record will include the specifics of the allegations clearly identified, including individuals and/or organisations involved and the act(s) they are alleged to have undertaken.

The Annual Counter Fraud Delivery Plan details specific actions to improve risk management and the control environment within NRW. These actions include communication of counter fraud activity, and lessons learnt to support the continuous improvement of NRW's counter fraud function.

Policies & Training

A sound policy framework enables NRW in its approach to counter-fraud and promotes good ethical behaviour. NRW holds the following suite of policies and procedures to set out what is expected and what the consequences are for breaking the rules.

The Counter fraud bribery and corruption governance and management framework provides a matrix of the policies, procedures and guidance overseeing fraud, bribery, and corruption within NRW.

The senior officer accountable for counter fraud (Executive Director of Finance and Corporate Services) within the organisation is responsible for the provision of fraud, bribery, and corruption training and what is appropriate.

NRW will provide annual mandatory fraud, bribery, and corruption training as appropriate to individuals' roles. Individual staff members are responsible for ensuring they have completed the counter fraud, bribery, and corruption training as set by NRW annually.

The Annual Counter Fraud Delivery Plan details specific actions to ensure the embedding, review and effectiveness of the policies and procedures around fraud, bribery, and corruption within NRW.

Capacity & Expertise

It is important that NRW has access to sufficient appropriately skilled counter-fraud specialists (within the Financial Governance Team) to prevent, detect and investigate suspected fraud and protect its assets. As fraud risks change, NRW should have resources available to provide a response that is appropriate to the threat. NRW needs to have the capacity to undertake both proactive counter-fraud work and reactive investigation work. Proactive work includes fraud awareness campaigns, training, designing policies and strategies and strengthening controls to prevent attacks. NRW will ensure that the Counter Fraud Function provide and lead the proactive work as well as providing guidance and expert support to the wider organisation.

Assurance will be carried out on three separate and defined levels including:

- FIRST LINE - by, or on behalf of operational management that own and manage fraud, bribery, and corruption risk, to ensure strategy is being used.
- SECOND LINE – by Financial Governance team, independent of operational management, to ensure the first line is properly designed, in place, and operating in line with the strategy.
- THIRD LINE - by Internal Audit to provide senior management with an objective opinion on the effectiveness of the organisation's overall counter fraud response and compliance with this functional standard as part of the delivery of the Internal Audit Planning cycle.

Internal Audit will follow GovS 009, Internal Audit and the requirements of the Orange Book: management of risk, principles, and concepts. This will be clearly articulated within the counter fraud bribery and corruption governance and management framework.

Skilled and experienced staff are required to ensure investigations are undertaken properly with evidence being obtained and handled lawfully to secure successful sanctions and the recovery of losses. All frauds will be reported to Internal Audit and decisions relating to investigations will be made and approvals given in a timely manner, in accordance with the NRW's counter fraud bribery and corruption governance and management framework.

It may not be cost-effective to provide in-house expertise in all areas of counter fraud. Some activities may be infrequent, and the costs associated with their provision would outweigh the benefits. Where these services are required, the most cost-effective approach would be to procure these services. We will regularly review the provision of resources to ensure that it is maintained at a proportionate level and remains cost-effective.

The Annual Counter Fraud Delivery Plan details specific actions to ensure there is the capacity and expertise required within NRW.

Tools & Data

To have an effective counter-fraud function NRW should ensure that those responsible for it are equipped with up-to-date methodologies and the right tools for the job. NRW with guidance from Counter-fraud staff, must make best use of data and intelligence to prevent fraud by 'fraud-proofing' systems and processes and by mounting an effective response to suspicions of fraud.

Cyber-attacks are an alternative means of committing traditional frauds such as the theft of assets, cash, or intellectual property. NRW's Cyber Security Strategy and ICT Major Incident Management Policy and Process provide a framework of working practices to safeguard NRW and effectively respond to a cyber security incident.

Data analytics provide an increasingly important tool in preventing fraud as well as in its detection. NRW will look at how it can use data analytics effectively and therefore will include in the Annual Counter Fraud Delivery Plan the requirement to ensure staff are adequately trained to understand it. The Annual Counter Fraud Delivery Plan will detail how NRW intends to actively protect NRW from fraud, bribery and corruption and develop its response. The Annual Counter Fraud Delivery Plan will include the use of proactive detection activity, measurement and assurance activity and the use of data sharing and/or data analytics to attempt to find fraud in a specific business area, based on a good understanding of the risks in that area. NRW will focus the Annual Counter Fraud Delivery Plan on trying to detect fraud, bribery and corruption in high-risk areas and will include loss measurement activity (fraud measurement and assurance) where suitable.

Collaboration

Fraudsters do not respect geographical or other boundaries, this means NRW cannot establish effective counter-fraud arrangements in isolation it must work collaboratively to maximise the effectiveness of its response to fraud.

Collaboration is an increasingly important aspect of public service, particularly in the context of reduced funding and the need to do more with less.

Collaboration is also one of the 'five ways of working' as defined in the Welsh Government's 'Well-being of Future Generations (Wales) Act 2015: the essentials' document. It is therefore essential that collaboration and the sharing of intelligence and good practice take place between NRW and other public, private, and third-sector bodies across the UK and internationally.

The Annual Counter Fraud Delivery Plan will detail the potential collaborations in terms of sharing people or pooling resources and, information. The sharing of data to help find fraud is a rapidly evolving area and is being facilitated by changes in the law. In 2017, the Digital Economy Act became law, enabling public authorities to share personal data to prevent, detect, investigate, and prosecute public sector fraud. The Act recognises that the wider use of data-sharing could improve the prevention, detection and investigation of fraud in a

number of ways, including improved targeting and risk-profiling of potentially fraudulent individuals; streamlining processes, enabling the government to act more quickly; and simplifying the legislative landscape.

Taking a collaborative approach will ensure that NRW:

- Is aware of current fraud trends and mitigation methods.
- Remains abreast of counter fraud developments across the public sector.
- Can share and receive counter fraud intelligence (within the parameters of current legislation).
- Can reduce the costs of counter fraud training and increase the capabilities of our counter fraud lead by utilising training and development opportunities offered by other public sector bodies.
- Reduce the costs of investigations by procuring specialised services directly from other public sector bodies where it is not cost effective to provide in house expertise. This approach is not only supported by a recent Cabinet Office and National Fraud Authority publication on eliminating fraud in the public sector but it is also one of the 'five sustainable development principles outlined in the Wellbeing of Future Generation Act (2015).

Report & Scrutiny

Reporting fraud to those charged with the governance of NRW is important as it provides the Executive Team and ARAC with the information and intelligence they need to challenge and scrutinise. To facilitate accountability, NRW will report the number of cases, outcomes, and progress of the strategy to the Executive Team and ARAC so that they are fully informed of any issues of concern and can hold management and counter-fraud teams to account. THE Executive Team and ARAC will also promote the message that fraud will not be tolerated, supporting the efforts of counter-fraud teams.

The counter fraud bribery and corruption governance and management framework will outline the reporting responsibilities and tolerances for fraud. The Annual Counter Fraud Plan details specific actions to improve reporting and scrutiny within NRW.

This strategy is a living document and will be reviewed throughout its lifespan. Amendments will be made as fraud risks, and their countermeasures evolve. We will also seek regular feedback from across the business to assess the effectiveness of all works undertaken within this strategy and update as necessary.

5. Delivery of the Strategy

NRW will produce an Annual Counter Fraud Delivery Plan which will:

- State the objectives and outcomes being targeted within the years of the strategy.
- Describe prioritised improvement activities, with milestones for delivery.
- Set accountability for the delivery of each activity.

- Set measurable metrics that will be tracked and maintained so that progress against the plan can be monitored and reviewed.
- Be reviewed and updated to reflect changes in strategy and the internal and external environment on at least an annual basis; and
- Identify the resources required to deliver the plan.

Outcome based metrics

NRW will define the outcomes it is seeking to achieve each year and will have metrics to measure whether the targeted outcome has been achieved. NRW will target an increase in the total amount of detected fraud and/ or loss prevented from their counter fraud strategy.

6. Our commitment to NRW staff & stakeholders

It is recognised that any allegations and investigations of fraud can cause anxiety and stress for those involved, therefore the protection of staff is a key focus. Support will be provided to anyone who raises genuine concerns, even if they turn out to be mistaken. Concerns and suspicions can be reported anonymously via the [Fraud, Bribery and Corruption Response Procedure](#) or [Whistle-blowing Policy](#). Any information received will be treated as confidential.

We are committed to ensuring that no one suffers detrimental treatment as a result of unfounded allegations, refusing to take part in the fraudulent or corrupt activity, or of reporting in good faith his or her suspicion that an actual or potential offence have or may take place.

We will ensure that all those who deter or prevent someone from raising concerns are investigated and dealt with in accordance with NRW's Managing Misconduct Policy and Procedure.

NRW adopts zero tolerance to fraud, bribery, and corruption, and has a pro-active stance in preventing, detecting, and reporting fraud, bribery and corruption.

In the case of proven fraud or suspected fraud, NRW will always:

- Where appropriate, refer the matter to the relevant prosecuting authority for consideration of criminal prosecution.
- Seek to recover any loss resulting from fraud, if necessary, through civil action, and where value for money can be demonstrated.
- Pursue disciplinary proceedings for any staff members suspected of committing fraud, bribery, or corruption.

References

- Natural Resources Wales Framework Document
- Welsh Government (2016) Managing Welsh Public Money
- National Fraud Authority (2013) National Fraud Indicator
- Chartered Institute of Public Finance and Accountancy (2014) Code of Practice on Managing the Risk of Fraud and Corruption
- Chartered Institute of Management Accountants (2008) Fraud risk management a guide to good practice
- “Raising our Game” Tackling Fraud in Wales, Report of the Auditor General for Wales July 2020
- HM Government Functional Standard GovS 013 : Counter Fraud, Mangement of counter fraud, bribery and corruption activity. V2 August 2021

Appendices:

A – Annual Counter Fraud Delivery Plan 2021-26

B – Reporting processes and procedures for Fraud, Bribery & Corruption

C – Counter fraud bribery and corruption governance and management framework



Counter Fraud, Bribery and Corruption Delivery Plan 2022 - 2026

This is a time bound step by step plan to deliver specific activities for the counter fraud, bribery, and corruption strategy. It also identifies the metrics and measurements of success. It also will identify action owners.

Objective

To ensure the resources dedicated to counter fraud activity are effectively targeted to achieve the aims of NRW's Counter Fraud, Bribery and Corruption strategy. This will be delivered by way of an Annual Counter Fraud, Bribery and Corruption Plan agreed by ET.

Actions

Objective	Action	Planned Outcome	Owner(s)	Timeframe	Update
Leadership and Culture	CEO/Executive endorsement of the strategy	Publication of the strategy which will be endorsed by ET and NRW Board through their approval. CEO/ET endorsement of the strategy via published communications launching the strategy	Financial Governance Team	Launch aimed before April 2022	
	Executive/Leadership Team support on campaigns and key activities within directorates	Publicised support of key campaigns from ET/LT staff	Financial Governance Team with ET and LT	As outlined Annual Plan	

	Publication of counter fraud activity and proven fraud cases on NRW intranet. The Financial Governance team will liaise with the Communications Team to ensure proven fraud cases are publicised following the communications policy	Regular communication via intranet and Yammer on counter fraud activity and key campaigns for example, Internal Fraud Awareness Week, Action Fraud Bulletins Anonymised case studies “based on real cases” will be highlighted to increase awareness. Any proven cases that have completed litigation could be shared if appropriate. This will include lessons learnt and planned actions to prevent reoccurrence. These publications will be reviewed by legal and supported at ET level	Financial Governance Team	Communications via Intranet or Yammer every fortnight	
Risk Management & Control Framework	<u>High-level strategic summary</u> of fraud, bribery and corruption risk assessments that gives an overview of the main risks and challenges facing NRW to ARAC	An annual summary of the intermediate and detailed fraud, bribery and corruption risk assessment presented to ET and ARAC for review and challenge	Financial Governance Team	Annually	
	<u>Intermediate</u> fraud, bribery and corruption risk assessment that extends to departmental functions, programmes or major areas of spend	An assessment of key risk areas that NRW deem high-risk and findings report produced and presented to ET and ARAC	Financial Governance Team with Business Area	Ad hoc, activity undertaken when high risks are identified and require assessment	
	<u>Detailed</u> fraud, bribery and corruption risk assessment that covers individual business units, projects, or programmes	Fraud Risks are to be included on relevant directorate risk registers	Financial Governance Team with Business Area	Timeframe to be aligned with our assessment of fraud risk	
		A review of strategic and LTG level risk registers to ensure Fraud, Bribery and Corruption risks are considered and mitigated		Annually and aligned with IA plan and Risk Management delivery programme	
	Fraud included in NRW's risk register	To improve fraud risk management, assessments will be undertaken and	Financial Governance Team	March 2022	Meeting held with Lead Specialist Advisor (Risk) on 28.10.2021. Risk

		recommendation as to where the risk is managed. Subject to review by EDF&CS and where relevant escalated to NRW's risk register			Template populated in respect of Counter Fraud, Bribery and Corruption. Further meeting to be arranged
	Maintain a record of all reported potential instances of fraud, bribery, and corruption	This record will include the specifics of the allegations clearly identified, including individuals and/or organisations involved and the act(s) they are alleged to have undertaken	Internal Audit	Completed and to be maintained	
	Develop a prevention and detection response plan as part of the Annual Counter Fraud, Bribery and Corruption Plan	An intelligence led programme of works for undertaking prevention and detection activities that will support the improvement of the counter fraud control environment. This will include the use of data analytics and will be supplemented by findings derived from Fraud Risk Assessment	Financial Governance Team/Internal Audit/Individual Departments	Plan developed in year 1 and updated annually	
Policies & Training	Review and update (where appropriate) existing mandatory fraud, bribery, and corruption training modules	Compliance check with legislation and in response to feedback from the business	Financial Governance Team	Annually or sooner when legislation changes or feedback received	
	The creation of business area specific fraud, bribery, and corruption awareness training modules	A suite of training and awareness tools designed to educate specific business areas on the fraud risks/red flags and prevention and detection tools available to them	Financial Governance Team	Rolling programme detailed in Annual Counter Fraud, Bribery and Corruption Plan	
	100% of staff to complete mandatory Anti-Fraud online training	Report from Learning and Development with completion statistics. Where 100% not achieved escalated via Leadership Team	Financial Governance Team	Annually - November	

100% of all new entrants to complete mandatory Anti-Fraud online training	Report from Learning and Development with completion statistics – cross referenced with induction report. Where 100% not achieved escalated via Leadership Team	Financial Governance Team	Annually	
Publication of fraud proofing guidance on intranet and work collaboratively with Governance Team to embed fraud proofing in policy review and development	Review current draft of guidance and work collaboratively with Governance team to publish and embed	Financial Governance Team with Governance Team	Year 1	
Provide guidance to all new programmes, projects, policies, controls, and processes	Work collaboratively with Governance team and wider business to identify relevant programmes, projects, policies, controls, and processes	Financial Governance Team with Governance Team	As required	
Review and update (where appropriate) Counter Fraud, Bribery and Corruption (Policy)	Review of Counter Fraud, Bribery and Corruption (Policy) to align with and legislative or best practice changes	Financial Governance Team	March 2022 and biennially from then on. Reactive amendments will be made if legislation changes	
Review and update (where appropriate) Reporting Fraud Process on Intranet	Documented reporting route for staff, contractors, and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations	Internal Audit	March 2022 and biennially from then on. Reactive amendments will be made if legislation changes	
Review and update (where appropriate) Fraud, Bribery and Corruption – Response Procedure	Documented reporting route for staff, contractors, and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations	Financial Governance Team and Internal Audit	March 2022 and biennially from then on. Reactive amendments will be made if legislation changes	
Review and update (where appropriate) NRW's Counter Fraud text published on our external website	Documented reporting route for staff, contractors, and members of the public to report suspicions of fraud, bribery and corruption and a mechanism	Internal Audit	March 2022 and bi-annually from then on. Reactive amendments will be made if legislation changes	

		for recording these referrals and allegations			
	From 2022, those undertaking counter fraud function in government departments are required to be members of the counter fraud profession in line with the UK's anti-corruption strategy	Not yet launched by the Cabinet Office. Further details to follow. NRW will align with this expectation when membership opens	Financial Governance Team	When details of membership are published	
Capacity & Expertise	Actively seek and respond to feedback	Ability to capture feedback and provide a timely response. To evidence the effectiveness of the Counter Fraud Resource	Financial Governance Team and Internal Audit	Establish method year 1 and ongoing	
	Monitor time spent on counter fraud activities to establish the proportionality of resource and its effectiveness	Adopting effective time recording methods to monitor time spent on activities and report to FG Manager and review time management as part of the delivery plan	Financial Governance Team and Internal Audit	Monitor monthly and report at 6 monthly intervals	
	Review progress of counter fraud strategy delivery plan at regular intervals	Ensure delivery plan is on track with agreed timescales and outcomes	Financial Governance Manager and Head of Finance	6 monthly intervals	
	Provision or development of accredited counter fraud staff within the organisation	Staff trained to the expected accreditation level set out in Counter Fraud Standards. Specialist trained staff will be outsourced as required	Financial Governance Team	Year 1 - Investigation Staff. Additional training considered as part of professional development reviews	
	Attendance at subject matter related conferences/workshops/seminars within the public sector	Maintain the continuous professional development of staff. Sharing of best practice, emerging trends and networking to enhance collaboration	Financial Governance Team and Internal Audit	As identified	
	Ensure access to specialist counter fraud resource through bi-annual attendance of the Cross-Government Investigators Network	Attendance bi-annual of the Cross-Government Investigators Network	Financial Governance Team	Bi-annually – when invitation received	
	Review and monitor current counter fraud resources capacity and expertise to deliver the	Meet monthly with Head of Finance to review progress with the delivery plan.	Financial Governance Team with Head of Finance	Monthly and report after year 1	

	programme of works outlined in the delivery plan	Demonstrate whether the current resource has the capacity and expertise to deliver the programme of works outlined in the delivery plan by reporting on progress after year 1			
Tools & Data	Undertake the National Fraud Initiative data matching exercise administered by the Cabinet Office	Complete all matching exercises uploaded to the NFI database within the financial year	Financial Governance Team	Biennial	
	Identify internal systems that can be used to prevent and detect fraud, bribery, and corruption	A list of internal systems that support the prevention and detection response plan	Financial Governance Team	In line with Prevention and Detection Response Plan and reviewed annually	
	Research and source training on the use of data analytics	IA and FG Staff trained to proactively detected fraud, bribery, and corruption	Financial Governance Team and Internal Audit	Year 1	
	Proactive detection of fraud, bribery, and corruption	Intelligence led rolling programme of works outlined in prevention and detection response plan. In conjunction with IA and 3 Lines mapping ensure detection activity will test adequacy of control measures	Financial Governance Team/Internal Audit	In line with the prevention and detection response plan	
Collaboration	Identify and seek membership of relevant professional groups, e.g. Wales Fraud Forum, Cross Government Investigators Network, National Anti-Fraud Network	Participation in relevant workshops, initiatives (e.g. International Fraud Awareness Week)	Financial Governance Team	Develop a contact list year 1 and review annually	
		Sharing best practice and information (e.g. changing fraud trends/metrics)			
	Develop and maintain network of professional contacts undertaking	To maximise the effectiveness of our response to fraud by			

	the Counter Fraud function in similar bodies. E.g. DVLA, WAG, EA, NHS Counter Fraud, Local Authority and Cabinet Office Counter Fraud Centre of Excellence	having quick access to professionals undertaking similar functions	Financial Governance Team	As required	
		The sharing of intelligence and good practice			
Report & Scrutiny	Annual Reporting on the delivery plans progress to Executive Team and ARAC	Reporting provide a summary of progress in line with the Counter Fraud Delivery Plan presented to ET and ARAC	Financial Governance Team	Annual	
	Annual reporting of the number of fraud cases and outcomes to the Executive Team and ARAC	Provide copies of counter-fraud reports detailing numbers of cases and outcomes to the Executive Team and ARAC so that they are fully informed of any issues of concern and can hold management and counter-fraud teams to account	Internal Audit	Annual	

Counter Fraud, Bribery, and Corruption Governance and Management Framework

NRW has a responsibility to have counter fraud, bribery, and corruption arrangements in place, and the management of the risk of fraud must be embedded in our governance arrangements.

This framework defines NRW's approach to managing the risk of fraud, bribery, and corruption and ensures that best practice is adopted across the organisation.

NRW recognises that failure to implement effective counter fraud measures can:

- Undermine the high standards of public service that the NRW is attempting to achieve.
- Reduce the level of resources and services available for managing the environment and natural resources sustainably.
- Result in significant consequences which reduce public confidence in NRW.

Definitions

Fraud is an act of deception intended for personal gain or to cause loss to another party. The Fraud Act 2006 describes the main three offences of fraud as: false representation; failing to disclose information and abuse of position.

Fraud by false representation is when someone makes a false representation, knowing that the representation was or might be untrue or misleading, with the intent to make a gain or cause a loss.

Fraud by failing to disclose information is when someone fails to disclose information to a person when they were under a legal duty to disclose that information, with the intention of making a gain or causing a loss.

Fraud by abuse of position is when someone occupies a position in which they were expected to safeguard, or not to act against the financial interests of another person, have abused that position, with the intent to make a gain or cause a loss. The abuse may consist of an omission rather than an act.

Corruption is the deliberate misuse of a position for direct or indirect personal gain. There is no international legal definition of corruption however NRW defines the term "corruption" as: "The offering, giving, seeking or accepting of any incentive or reward which would influence the actions taken by NRW, Board members or staff."

Bribery is defined as the giving or receiving of an advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith:

- to or from any person.
- by a member of staff, non-executives (i.e. Board members), contractors, clients or any other person acting on NRW's behalf.
- to gain any commercial or contractual advantage in a way that is unethical or
- to gain any personal advantage, financial or otherwise, for the individual or anyone connected to the individual.

Bribery does not have to involve cash, or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event.

Theft is act of dishonestly taking property belonging to another person with the intention of depriving the owner permanently of its possession.

Money laundering is the process of moving illegally generated funds through a cycle of transformation to create the end appearance of legitimately earned funds. The Proceeds of Crime Act 2002 details the three principal money laundering offences as:

- assisting another to retain the benefit of crime,
- acquisition, possession or use of criminal proceeds, and
- concealing or transferring proceeds to avoid prosecution.

In addition, there are related offences for failing to report where a person has knowledge, suspicion or reasonable grounds for knowledge or suspicion that money laundering has taken place, as well as for tipping off a person that a disclosure has taken place.

Legislation Requirements

NRW will have full regard to all relevant legislative requirements, including without limitation to the following legislation (including any amendments or updates thereto):

- Local Government Act 1972
- Regulation of Investigatory Powers Act 2000
- Terrorism Act 2006
- Proceeds of Crime Act 2002
- Police and Criminal Evidence Act 1984
- Money Laundering Regulations 2007
- Fraud Act 2006
- Bribery Act 2010
- Public Interest Disclosure Act 1998
- Competition Act 1998
- Companies Act 2006
- Theft Act 1978

Policy Framework

Several corporate policies and procedures formulate NRW's framework for minimising risk and preventing fraud, bribery, and corruption. These include:

Strategy / Policy	Associated Procedure(s)
Code of Conduct	-
Counter Fraud, Bribery, and Corruption Strategy	-
Counter Fraud, Bribery, and Corruption (Policy)	<ul style="list-style-type: none"> • Reporting Fraud (Procedure) • Fraud, Bribery, and Corruption – Response Procedure
Conflicts of Interest Policy	Conflicts of Interest Procedure
Gifts & Hospitality Policy	Gifts & Hospitality Procedure
Managing our Money (MoM)	-
Statutory and Legal Scheme (SaLS)	-
Disciplinary Policy	Disciplinary Procedure
Working Time Policy	Working Time Procedure
Travel and Expenses Policy	Travel and Expenses Procedure
Out of Hours Working Policy	-
Procurement Regulations	-
Disciplinary Policy and Procedure	-
Recruitment and Selection Policy	Recruitment and Selection Procedure
Whistleblowing Policy	Whistleblowing Procedure
Internal Audit Charter	-
Risk Management Policy	-
Cyber Security Strategy (Official – Sensitive – Contact ICT)	ICT Security Framework
ICT Acceptable Use Policy	<ul style="list-style-type: none"> • ICT Remote Access Procedure • ICT Removable Media Procedure
ICT Major Incident Management Policy	ICT Major Incident Management Process
ICT User Access Policy	-
Security Policy	Access Procedure
Surveillance Cameras Policy	-
Clear Desk Policy	-
General Data Protection Regulation Policy	-
Access to Information Policy	-
Information Risk Policy	Information Incident Reporting Policy and Procedure
Information Asset Owner (IAO) Policy	-

It is the responsibility of Policy Owners to ensure that policies and procedures remain relevant and up to date, including the necessary amendment to consider any changes to legislation or regulations. They must also ensure that all staff have access to the appropriate policies and procedures, and that staff receive suitable training as necessary.

All employees must ensure that they read and understand the policies and procedures that apply to them and act in accordance with them.

Roles and Responsibilities

NRW Board	<ul style="list-style-type: none"> The NRW Board are responsible for approving the Counter Fraud Strategy.
Audit and Risk Assurance Committee	<ul style="list-style-type: none"> The Chair of ARAC supports the accounting officer by providing effective leadership at an organisational level to ensure NRW is managing the risk of fraud, bribery, and corruption.
Accounting Officer - CEO	<ul style="list-style-type: none"> The Accounting Officer holds ultimate responsibility for the management of counter fraud, bribery, and corruption risk in NRW, and has a duty to report financial irregularity arising from fraud, bribery and corruption following Government Functional Standard GovS 006, Finance.
Executive Directors and Leadership Team	<p>Executive Directors and the Leadership team have a responsibility to:</p> <ul style="list-style-type: none"> Lead by example and send a clear message that fraud will not be tolerated either from inside or outside of the organisation. Ensure that they have policies and procedures in place that address fraud, bribery, and corruption risks. Maintain adequate systems of internal control within their respective departments. Ensure that fraud is addressed through NRW's risk management framework. Support the promotion and implementation of this Strategy and linked policies. Ensure that staff, including agency staff and contractors, are made aware of the standards expected of them, as set out in NRW's Code of Conduct and any other policies and procedures that relate to their role and responsibilities. Encourage employees to raise any concerns about bribery, fraud, or corruption, in line with the Counter Fraud and Whistleblowing Policies. Ensure understanding and commitment to the counter fraud strategy and its delivery plan across their teams.
Management Team	<ul style="list-style-type: none"> Support the promotion and implementation of this Strategy, linked with the appropriate policies and procedures. Ensure that policies, procedures, and processes within their area are adhered to and kept under constant review. Ensure that staff are aware of fraud, bribery, and corruption and understand the importance of protecting the organisation from it. Encourage employees to raise any concerns about fraud, bribery, or corruption, in line with the Counter Fraud Policy and Whistleblowing Policy. Enforcement of disciplinary action for staff who do not comply with policies, procedures, and processes. Conducting risk assessments and mitigating identified risks.
All staff	<ul style="list-style-type: none"> Comply with NRW's Code of Conduct and any other policies and procedures that relate to their role and responsibilities, e.g. declarations of interests, gifts and hospitality. Report any reasonable suspicion of fraud, bribery and corruption using the reporting routes (See Whistleblowing Policy and Counter Fraud, Bribery, and Corruption Reporting and Responding Procedure (Link)) Complete all relevant training and attend awareness sessions.

	<ul style="list-style-type: none"> • Ensure early consideration is given to the risks of fraud, bribery, and corruption when developing new programmes, projects, policies, and/or processes. • Aid and provide feedback in line with the delivery plan as required.
Internal Audit	<ul style="list-style-type: none"> • NRW's Head of Internal Audit will ensure there are resources available to the Internal Audit Team for the provision of trained fraud investigators who can carry out complex investigations. It is the responsibility of the Head of Internal Audit to allocate an investigator appropriate to the investigation. • Support, through the provision of assurance work and the outcomes of investigations, the Financial Governance Team to improve NRW's resilience to fraud. • Report quarterly to The Executive Team and ARAC on all reported Frauds, Bribery or Corruption allegations together with the outcome of investigations or closure of cases.
Financial Governance Team	<ul style="list-style-type: none"> • Develop and implement the counter fraud strategy, considering external developments and long-term objectives. • Monitor progress and inform strategic direction. • Review of counter fraud policies, procedures, and controls, ensuring compliance with legislation and regulation. • Monitor and review changes in counter fraud initiatives, ensuring NRW adapts and implements new initiatives effectively. • Develop, review, and update the fraud risk assessment annually to identify fraud risks and review controls to mitigate risks. • Provide advice, guidance, and support in line with relevant legislation and best practice to effectively underpin risk-based decisions. • Demonstrate NRW values through all aspects of work • Collaborating with other public bodies, local authorities, National Fraud Initiative, key industry bodies, fraud professionals, and professional bodies to ensure the NRW's arrangements align with current best practices. • Undertake the National Fraud Initiative data matching exercise administered by the Cabinet Office. • Develop and coordinate training and awareness sessions across NRW. • Develop and implement a programme of proactive fraud detection work. • Demonstrate NRW's no tolerance of fraud culture by publicising details of counter fraud activity and proven fraud cases. The Financial Governance team will also liaise with the Communications Team to ensure proven fraud cases are publicised promptly and following the policy. • Communicate notifications of regional or national frauds, scams or alerts to staff and managers.
Counter Fraud Champions	<p>Nominated staff responsible for processes, controls, and segregation of duties in high-risk areas are required to work collaboratively with the Financial Governance Team to:</p> <ul style="list-style-type: none"> • Promote awareness of fraud within their business area. • Inform process improvements and drive cultural change • Undertake relevant training provided by the Financial Governance Team • Attend knowledge sharing meetings - outlined in the Annual Counter Fraud Delivery Plan.

System of internal control

The risk of fraud and corruption can be minimised by good financial management, sound internal control systems, effective management supervision, and by raising awareness of fraud.

Internal control is the whole system of controls, financial and otherwise, established to provide reasonable assurance of:

- efficient and effective operations
- reliable management information and reporting
- legitimate expenditure
- compliance with legislation and regulations
- performance management
- security of assets and income

Managers must ensure that effective internal control arrangements are incorporated into the design or development of systems and procedures. Weaknesses in the design and operation of administrative and financial internal control systems may increase the risk of fraud. Systems should contain efficient, effective, and well documented internal controls that cover the following:

- adequate segregation of duties
- proper authorisation and approval procedures
- adequate physical security over assets
- reliable monitoring and reporting arrangements
- to protect NRW from error, misappropriation, or loss

It is management's responsibility to install adequate internal controls to mitigate fraud risks and rectify weaknesses if they occur. Managers can seek advice and guidance from the Financial Governance team to help discharge this responsibility. Systems may be subject to review by both Internal and External Audit. The Internal Audit Team is responsible for reporting to management on significant weaknesses in the control environment, including deficiencies in the operation of internal controls. Audit recommendations to address control weaknesses are followed up to ensure that they are appropriately actioned.

Assurance of the effective operation of internal control arrangements is requested from management as part of NRW's arrangements for preparing the Annual Governance Statement. Managers are required to assure the effective operation of internal control arrangements and staff awareness of this Strategy.

Management should instigate occasional deterrent compliance checks on the operation of internal controls within their service and are encouraged to seek advice from the Financial Governance Team and Internal Audit on what checks should be carried out. This work should also be used to inform the Annual Governance Statement.

All staff are required to declare any financial and other interest in any outside bodies or organisations, which could be considered or perceived as influencing their actions on behalf of NRW.

The Audit and Risk Assurance Committee also have a role in providing independent assurance to NRW on the adequacy of our control environment. The committee discharges this role by receiving regular reports on the work and findings of internal and external audit, and NRW's governance and risk arrangements.

Risk management

Our Corporate Risk Register details the most significant risks to NRW in delivering its corporate objectives. Fraud risks relating to individual directorates should be included within the relevant Risk Registers. The relevant business area is expected to undertake regular reviews of these risks to ensure appropriate controls are in place to mitigate those risks.

Recruitment

We recognise that a key preventative measure in the fight against fraud, bribery, and corruption is to take practical steps at the recruitment stage to verify the propriety and integrity of the previous records of potential employees of the organisation.

Employee recruitment is required to be in accordance with procedures set out in NRW's recruitment guide. This guidance requires several checks at the recruitment stage to establish and confirm the previous records of potential employees, including:

- verifying the identity of the applicant.
- obtaining satisfactory references prior to appointment.
- verifying the applicant can legitimately work in the UK.
- verifying and retaining copies of certificates for stated qualifications.
- undertaking Disclosure and Barring Service checks, where appropriate.
- proof of membership of relevant professional bodies.
- pre-employment health checks (if required).

These practices apply to all permanent appointments including those where employees have entered the organisation as an agency worker or consultant in the first instance.

Training

Training is a vital tool in implementing a successful counter fraud, bribery, and corruption strategy, by ensuring that all staff clearly understand their roles and responsibilities within the organisation and carry these out within the framework of policies and procedures.

We will promote a general awareness of fraud, bribery, and corruption to all employees, with specific training provided to those identified as operating in high risk (of fraud/corruption) areas, those charged with investigating such matters and those involved in the risk assessment process.

We are committed to developing staff who are involved in investigating fraud and corruption. Internal Audit will ensure that they have access to appropriately qualified and trained investigators that meet the Government Counter Fraud Profession's public sector fraud investigation core discipline standard. Investigators may call on technical expertise both internally and externally depending on the nature of the investigation.

Investigations, whilst crucial, can be time consuming and costly and the low numbers of successful prosecutions mean that NRW cannot rely on investigations alone to combat fraud.

Reporting and Monitoring

NRW will collate information about losses and recoveries and share fraud intelligence with other public sector bodies in Wales to establish a more accurate national picture, strengthen controls and enhance monitoring and support targeted action. The Executive Team and ARAC will be fully engaged with counter-fraud, providing support and direction, monitoring, and escalating areas of concern to the NRW Board.

Internal Audit will report quarterly to the Executive Team and ARAC on all reported Frauds, Bribery or Corruption allegations together with the outcome of investigations or closure of cases.

The Financial Governance Team will report to the Accounting Officer, the Executive Team and ARAC annually on how NRW is performing against the Counter Fraud Delivery plan. The report will also detail areas of improvement based upon lessons learnt, incident management, identified loss from fraud, bribery, corruption, and error; and associated recoveries and prevented losses. These will also be reported to the counter fraud centre of expertise according to the agreed government definitions. Losses and recoveries will be reported using a consolidated data request (CDR) in accordance with the timescales set by the Cabinet Office.

Working with others

The nature and scope of fraud perpetrated against public bodies is varied and often cross-jurisdiction. Accordingly, NRW is committed to working with other organisations to prevent and detect fraud, bribery, and corruption. There are arrangements to encourage the exchange of information between NRW and other agencies such as the Wales Fraud Forum and Cross Government Investigators Network, on national and local fraud and corruption activity. This includes participation in the National Fraud Initiative (NFI), which matches data across a wide range of public service organisations to detect fraud or erroneous payments.



Paper Title	Internal Drainage Districts – Precepts, Rates & Levies 2022-23
Paper Reference:	22-01-B18
Paper Sponsored By:	Rachael Cunningham, Executive Director for Finance and Corporate Services
Paper Presented By:	Rob Bell, Head of Finance
Paper Prepared By:	Hayley MacDonald-Jones, Business Accountant
Purpose of Paper:	Decision
Recommendation:	The Board is requested to: <ul style="list-style-type: none">• approve the Internal Drainage District (IDD) special levies, drainage rates and precepts for 2022-23;• authorise its common seal to be affixed to the Approved Drainage Rates.

Issue

1. The Board are requested to approve the recommendations of the NRW Flood Risk Management Committee meeting which considered the IDD's special levies, drainage rates and precepts for 2022-23 on 13 January 2022.

Background

2. The Board has previously agreed to delegate detailed consideration of matters relating to IDDs to the NRW Flood Risk Management Committee.
3. All funding recommendations are to be discussed with the various IDD advisory groups and/or local rate payers prior to the meeting of the NRW Board.

Assessment

4. We will provide a verbal update of the meeting held with the NRW Flood Risk Management Committee which will recommend approval to the Board. The paper considered can be found at **Annex 1**, which includes full details of the proposals.

5. In summary, the proposals are to:
- Raise precepts from NRW to the IDD of £318k.
 - The precepts and other costs (mainly maintenance) are then recovered through the funding that we raise for IDDs via special levies, which the proposals are £1,210k and drainage rates, £181k respectively. The special levies and drainage rates are paid by Local Authorities and local agricultural users respectively.

Key Risks

6. If the precepts, drainage rates and special levies are not approved then we will not meet the statutory deadlines and the programme of works will not be authorised.
7. Increases to drainage rates in IDDs in North West Wales have been discussed and agreed with the advisory groups but there is still a risk of adverse charge payer reaction when they are published.

Recommendations

8. The Board is requested to:
- Approve the IDD special levies, drainage rates and precepts for 2022-23;
 - Authorise its common seal to be affixed to the approved drainage rates.

Financial Implications

9. The paper is about the financial position of the IDDs. There will be minor advertising costs involved in communicating the drainage rates agreed in the local area.

Equality Impact assessment (EqIA)

10. Not required.

List of Annexes

- Annex 1 NRW Flood Risk Management Committee Paper on funding proposals for 2022-23.

NRW Flood Risk Management Committee paper

(date)

Paper Title	Internal Drainage Districts – Precepts, Rates & Levies 2022-23
Paper Reference:	
Paper Prepared By:	Hayley MacDonald-Jones, Business Accountant
Paper Presented By:	Hayley MacDonald-Jones, Business Accountant Rob Bell, Head of Finance
Paper Sponsored By:	Rachael Cunningham, Executive Director for Finance & Corporate Services

Purpose of Paper:	Scrutiny and Recommend approval to NRW Board
Recommendation:	<p>The NRW Flood Risk Management Committee is requested to:</p> <ul style="list-style-type: none"> • agree the proposed precepts, drainage rates and special levies for 2022-23 for Internal Drainage Districts (IDDs); • the proposals will then be submitted to the January Board meeting for endorsement.

Issue

1. The Board has delegated consideration of the IDD's precepts, drainage rates and special levies to this committee.
2. To seek NRW Flood Risk Management Committee's agreement to raise:
 - (i) Precepts **on** IDD's which are administered by Natural Resources Wales (£318k);
 - (ii) Special levies (£1,210k) and the drainage rates (£181k) **for** IDD's which are administered by NRW.

Background

Funding proposal for 2022-23

3. We administer the activities of thirteen IDD in Wales (please see Annex 1 for location of IDDs). Part of that role is to set our **precept** on the IDDs and to agree the **special levies** and **drainage rates** required to fund the work of the IDDs.
4. We have two non-executive Advisory Groups for Powysland and Gwent IDDs. The Gwent IDD comprises of Lower Wye and Caldicot & Wentlooge who have their own precept, special levies and drainage rates.
5. We have a further five non-executive advisory groups for the eleven districts located in North West Wales.
6. The purpose of the IDD advisory groups is to engage with stakeholders and customers providing representative and independent advice to help inform NRW's executive decision making. Also, part of the purpose of the seven advisory groups is to consider **drainage rates** and **special levies** for the NRW Board to approve.
7. A **precept**, as outlined in Section 141 of the Water Resources Act 1991, enables NRW to seek a contribution from IDDs for works essential to the main river within, adjacent or flowing from or into an IDD. In principle, the money is raised by NRW from the IDD for the benefit of the respective district or districts served.
8. All land and properties within a drainage district are deemed to derive benefit from the activities of an IDD and therefore to contribute to its running costs. Local Authorities are charged a **special levy** by the Board in proportion to the annual value of non- agricultural land. **Drainage rates** are paid by landowners, farmers and tenants in proportion to the annual value of agricultural land.
9. Legislation defines that the drainage rates and special levies need to be set and published by the 15th February each year.

Assessment

Precept Proposals

10. Table 1 below details the proposed precepts for 2022-23:

Precept Proposals - Table 1

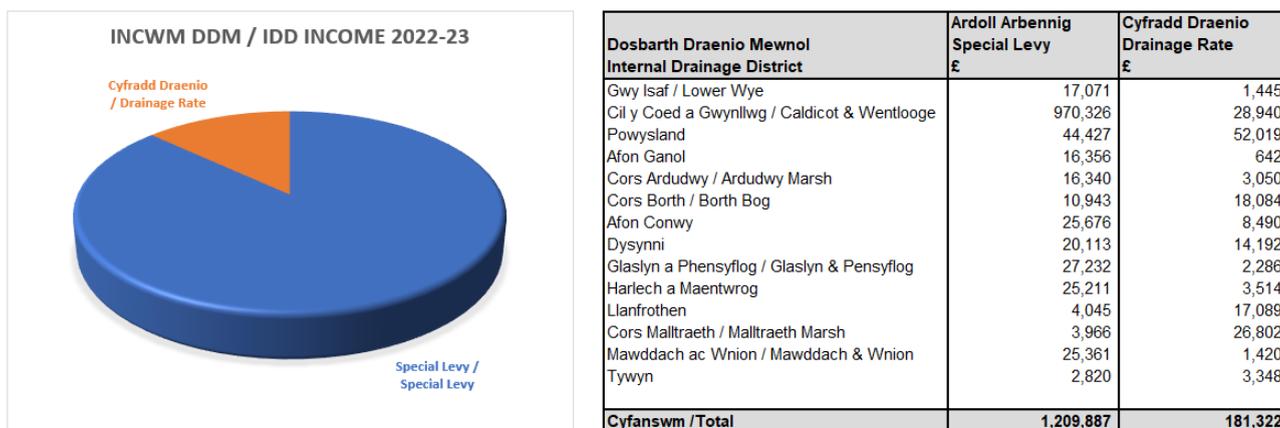
Dosbarth Draenio Mewnol Internal Drainage District	Praesept / Precept 21/22 £	Cynnig Praesept / Precept proposal 22/23 £
Gwy Isaf / Lower Wye	3,604	3,604
Cil y Coed a Gwynllwg / Caldicot & Wentlooge	200,000	200,000
Powysland	10,320	10,320
Afon Ganol	9,402	9,402
Cors Ardudwy / Ardudwy marsh	5,707	5,707
Cors Borth / Borth Bog	7,376	7,376
Afon Conwy	16,104	16,104
Dysynni	14,960	14,960
Glaslyn a Phensyflog / Glaslyn & Pensyflog	11,601	11,601
Harlech a Maentwrog	7,872	7,872
Llanfrothen	3,740	3,740
Cors Malltraeth / Malltraeth Marsh	8,267	8,267
Mawddach ac Wnion / Mawddach & Wnion	14,556	14,556
Tywyn	4,413	4,413
Total	317,922	317,922

11. We are content with the level of the precepts in the IDD's for 2022-23. The precept for the Powysland IDD is undergoing review and we expect that a new assessment will be ready for 2023-24.
12. We are proposing that the precepts for the thirteen IDD's for 2022-23 remain at 2021-22 levels.

Special Levies and Drainage Rates

13. Table 2 below provides details of the special levies (£1,210k) and the drainage rates (£181k) being proposed for 2022-23. The table in annex 2 provides a comparison to the previous financial year.

Special Levies and Drainage Rate Proposals 2022-23 – Table 2



14. The special levies and drainage rates recommended have increased slightly in the Northern IDD compared to 2021-22. Special levies and drainage rates have increased by £5.5k and £1.6k respectively. This is due to increased maintenance costs in some of the Northern IDDs (Dysynni, Malltraeth, Llanfrothen and Tywyn) and increased administration costs across all the Northern IDDs which reflect support costs.
15. For the Northern IDDs, discussions have been held with the Dwyfor advisory group in November and discussions are planned with the remaining advisory groups in December.
16. We have discussed our proposal with Powysland IDD, and they are fully supportive of a standstill budget. There have not been discussions with the Gwent IDD advisory group at this stage, however we are in regular contact with key landowners, farmers and key community councillors who are kept apprised of the situation and plans regarding rates. Plans on the Gwent IDD are also discussed officially at the One Voice Wales Monmouthshire / Newport Area Committee, which includes all the community councillors for the area. This meeting will take place on the 13 January 2022.
17. Local Authorities also contribute via special levies. They will be contacted by officers to advise them of our proposals and the impact on their respective local authority. The Team Leader, Integrated Engineering North West will be contacting the Farmers Union of Wales and the National Farmers Union to outline our maintenance work

plans, as well as informing them of the proposed increased drainage rates for the 11 IDD's in North West Wales.

18. At previous advisory group meetings, we informed members that NRW is complying with the new accounting standard IFRS 15 (*Revenue from Contracts with Customers*), which was implemented from 1 April 2018.

We agreed with Audit Wales that IDD's can have an individual **accidental** maximum balance (surplus or deficit) of under 5% of the scheme's annual income or under £50k, whichever the greater at the end of a financial year which it can carry forward for use in the next financial year or taking into account when next setting levies and rates. There will be an exception where funds need to be built up for a significant expense or programme / project.

19. Powysland IDD and the Caldicot & Wentlooge sub-district of the Gwent IDD, are the only IDD's with a material balance, and in line with our IFRS15 policy those balances will need to be used by 31st March 2023.
20. We are forecasting that Caldicot will hold reserves of £183k at the end of 2021-22, which is a reduction of balances of £229k. Forecasted expenditure for next year will fully utilise the remaining balances and therefore rates will need to be increased from 2023-24 to cost recover expenditure on maintenance and essential plant purchases.
21. Powysland IDD plan to use their reserves (£80k) on a capital investment programme to include possible future expenditure on a pumphouse (pending a review) and waste management and access at Trederwyn doors, however we do not currently have a timescale for this work.
22. The Ardudwy and Glaslyn Pencyflog IDD's are currently carrying large balances which are within the limit of IFRS 15, but still need to be addressed. We will be replacing assets in both Ardudwy and Glaslyn Pencyflog IDD's which are not fit for purpose and we will also be extending a watercourse to improve the water level management in Glaslyn Pencyflog IDD.
23. Drainage rates are calculated on the chargeable value of agricultural land and therefore any changes in the use of the land will be reflected in the rates.

Recommendation

24. The NRW Flood Risk Management Committee is requested to:
- agree the proposed precepts, drainage rates and special levies for 2022-23.
 - The proposal will also be submitted to the Board for approval.

Key Risks

25. If the precepts, drainage rates and special levies are not approved then we will not meet the statutory deadlines and the programme of works will not be authorised.

Financial Implications

26. Approval of the proposals in this paper will allow the collection of income, which is used to fund direct works.

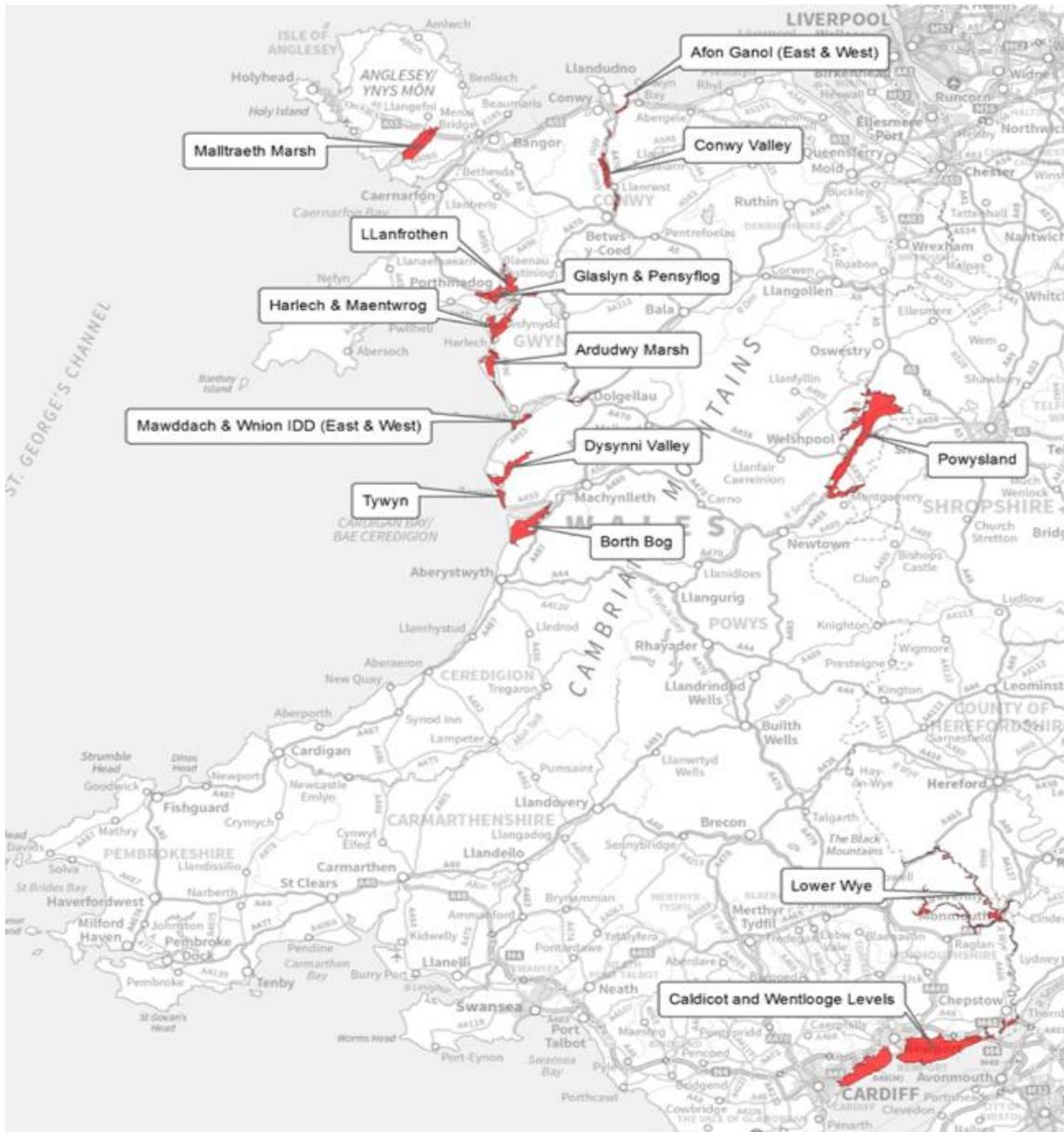
Equality impact assessment (EqIA)

27. A full Equality Impact Assessment is not required for the proposals in this paper.

Annexes

1. Map of IDD's
2. Drainage rate and special levy income by IDD

Annex 1 – Internal Drainage Districts



Annex 2 – Special Levies and Drainage Rates

Dosbarth Draenio Mewnol Internal Drainage District	Advisory Group	Drainage rate pence		Special Levy		Local Authority
		2021-22	2022-23	2021-22	2022-23	
Gwy Isaf / Lower Wye	Lower Wye	1.4	1.4	17,071	17,071	Monmouth
Cil y Coed a Gwynllwg / Caldicot & Wentlooge	Caldicot & Wentlooge	6.1	6.1	970,326	970,326	Cardiff, Newport & Monmouth
Powysland	Powysland	12.5	12.5	44,427	44,427	Powys
Afon Ganol	Conwy	11.1	11.1	16,356	16,356	Conwy
Cors Ardudwy / Ardudwy Marsh	Dwyfor & Merionnydd	20.0	20.9	15,686	16,340	Gwynedd
Cors Borth / Borth Bog	Borth	48.0	46.4	11,325	10,943	Gwynedd
Afon Conwy	Conwy	30.2	34.3	22,625	25,676	Conwy
Dysynni	Dolgellau	46.8	49.0	19,203	20,113	Gwynedd
Glaslyn a Phensyflog / Glaslyn & Pensyflog	Dwyfor & Merionnydd	9.9	9.9	27,144	27,232	Gwynedd
Harlech a Maentwrog	Dwyfor & Merionnydd	12.4	12.5	24,960	25,211	Gwynedd
Llanfrothen	Dwyfor & Merionnydd	64.2	69.7	3,726	4,045	Gwynedd
Cors Malltraeth / Malltraeth Marsh	Malltraeth	39.5	42.7	3,673	3,966	Ynys Mon
Mawddach ac Wnion / Mawddach & Wnion	Dolgellau	12.7	12.8	25,257	25,361	Gwynedd
Tywyn	Dolgellau	67.7	72.0	2,650	2,820	Gwynedd
				1,204,429	1,209,887	

Board Paper

	Paper Details
Paper title:	Update on Area Statements & Public Service Board Well-being Assessments
Paper Reference:	22-01-B19
Paper sponsored by:	Gareth O'Shea, Executive Director of Operations
Paper Presented by:	Martyn Evans, Head of South West Wales Operations, by correspondence
Purpose of the paper	Update for information, comment & feedback.
Recommendation	<p>The Board is asked to:</p> <ol style="list-style-type: none"> 1. Note progress meeting on embedding Area Statements in NRW's work and that of others to help address the climate and nature emergencies, aligned with the green and just recovery. 2. Note the use of Area Statements in the preparation of Well-being Assessments currently being undertaken via Public Service Boards.

Issue

1. The Board has requested an update on how, since their publication, Area Statements have influenced the work of NRW and others.

Background

2. The [Environment \(Wales\) Act 2016](#) (Part 1) requires NRW to prepare and publish statements for the areas of Wales that it considers appropriate, for the purpose of facilitating place-based approaches to supporting the implementation of the Welsh Government's [Natural Resources Policy \(NRP\)](#). We currently do this in seven Places collaboratively with partners and stakeholders.

3. Area Statements outline the key environmental challenges facing a particular locality, what we can all do to meet those challenges and deliver the NRP priorities through better management of our natural resources for the benefit of future generations.
4. Viewed together the seven Area Statements (six terrestrial, one marine) provide an evidenced, collaborative and place-based response to the NRP.
5. These Area Statements were published as web pages on NRW's website [here](#) on 1 April 2020. At the time, with the Covid 19 pandemic advancing rapidly, it was decided to publish the Statements via 'soft launch' with subsequent low key follow up with stakeholders and continued (almost universally virtual) engagement. This matched with continued work to embed the understanding and application of Area Statements in NRW's own work through service plans & programmes and resource allocation.
6. Although the Environment Act does not prescribe how or how many Area Statements are developed, it does require us 'to consider the appropriate scale for action'. Our decision to create seven (see map at Annex 1) achieves this and follows the Place based approach, aligning them to our six Operational areas - themselves based on clusters of local authorities with whom we have key relationships, including through the Public Service Boards (PSBs) and one for Marine. A challenge we anticipated was how this place-based approach would work with NRW's national business areas to ensure our activity in different parts of Wales delivers both our national and Place priorities and is co-ordinated and adequately resourced.
7. The Marine Area Statement, covering Wales' entire inshore marine area, enables a clear focus to be brought to the unique opportunities and challenges presented by our coasts and seas. It supports implementation of the first Wales National Marine Plan (published in 2019) and recognises the different regulatory and management frameworks that operate at sea. The Marine Area Statement has also enabled a focus on integrating action across land and sea.
8. Area Statements are part of the long-term cultural change adopted in Wales to drive the well-being of future generations and sustainable management of natural resources. The seven Area Statements therefore reflect not only the NRP, but also SoNaRR (State of Natural Resources Report), NRW's Place priorities and those of stakeholders arising from their extensive involvement prior to publication.
9. If the Area Statements seem a bit different, they're intended to be – with their roots embedded in the ground-breaking Well-being of Future Generations Act. They are rich in content and their development, with people at the heart of the dialogue, was not a 'linear' process. They draw initial conclusions about how the national challenges, opportunities and priorities are relevant to each of the seven Areas identified, set out some important next steps and provide a focus for each Place. Area Statements are a new 'layer' or component within already complex adaptive systems of environmental governance, planning, and delivery. As set out in the statutory guidance, they provide a focus to where outcomes of most benefit for Wales can be achieved – either spatially (where action should take place), or systemically (how processes need to change).
10. The Well-being of Future Generations Act requires the preparation of Well-being Plans, of which there are 19 in Wales, to take account of Area Statements. Area Statements

are therefore used by NRW to collaborate with other public bodies, influence their plans and programmes and help to provide evidence and support networks required for more sustainable decisions.

Assessment

11. In 2020/21 our Corporate Plan requires us to deliver the following:

Topic. *Working with Partners and Communities using Area Statements*

Measure: *Use of Area Statements within NRW particularly in our Service and Place plans and through joint working to embed local priorities and opportunities*

12. Annex 2 describes progress in Quarter 1 (Q1) and Q2 this year against both *topic* and *measure*.

Topic: *Working with partners and communities using Area Statements*

13. For the **topic** report, the People and Places Teams provide examples of where Area Statements are having an impact. The report gives examples of how others are using Area Statements such as through thematic groupings established to tackle a particular challenge in a particular area – e.g. Clwyd Forum; working with local nature partnerships; establishing opportunity catchments and the Greater Gwent Grid (greenspace, wildlife) Project. It also includes activities held internally to help build awareness of the contribution that Operations teams can make to delivering Area Statements in working with others.

14. The focus in Q2 (followed through in Q3 & Q4) has been on working with Public Service Board partners to develop Well-being Assessments, incorporating key messages and evidence from SoNaRR 2020 and Area Statements

15. The reporting processes capture activity, rather than progress or what has changed as a result. This is partly because it is difficult to observe change over a short period. Recognising this, a Microsoft Form has been used to begin capturing elements of what has changed over the last year, to help communicate and further enthuse, feed into our Annual Report and help learning through Yammer and other internal networks. This is just an example of how we are capturing use and impact of Area Statements.

https://forms.office.com/Pages/ResponsePage.aspx?id=D-9liN6sfEi_F1y1A3XXVxMK4fcv94RInkCsnJQqqAhUN0pJUEg5Q0FGWkNPSFBTVVJER1o3RVk3NC4u

16. Good progress is therefore being made at the project and area specific level over land and sea. Their most significant application at a strategic level is in influencing and informing all 19 Public Service Board Well-being Assessments. This includes influencing Well-being Assessments to better reflect marine and coastal challenges and opportunities to support better integration at the coast. These Assessments, leading to refreshed Well-being Plans will guide and inform the majority of these Public Service Boards' work for the next five years.

17. We act as convener, such as the Wales Land Management Forum, where we have recently used Area Statements extensively in workshops on Common Land Management and Woodland Creation. We are also applying Area Statements to partnership projects such as LIFE, Opportunity Catchments, Natur Am Byth, the Lost Peatlands Project at Pen y Cymoedd, our Special Area of Conservation (SAC) Rivers work, Forest Resource Planning and other NRW led initiatives
18. Again, strategically we are providing Area Statement information to, and working with national plan & programme makers such as the Sustainable Farming Scheme, Glastir, Welsh Government (WG) Marine Planning team local authority programmes and Green Recovery. We will evaluate the extent to which this translates to successful influencing in how different these plans and programmes are as a consequence. We need to do more at this strategic level, including Corporate Joint Committees (CJCs), arising from the Future Wales Plan, development master planning, City Region and Regional Partnership Board level. The recent Senedd Regulations applying to CJCs require those Committees to take account of the issues covered by Area Statements.
19. This strategic emphasis will be considered at Q4. A particular challenge we are considering is how plan makers at national level can respond to seven Area Statements. Whilst Marine has a strategic planning framework in the Marine Plan, we also need to consider how to support integrated approaches to planning across the land-sea interface. Terrestrially, we may need to provide a position on relevant topics and their integration at a Wales level to help these plan makers use the information.

Measure: Use of Area Statements within NRW, particularly in our Service and Place plans and through joint working to embed local priorities and opportunities

20. The **measure** report covers progress internally, identifying lessons learnt and areas for change across the organisation and is focused on our internal governance and decision-making processes. The reporting narratives, outlining activities that help embed Area Statements internally and that inform this measure are supplied quarterly by the Places and collated centrally. For example, for Q2 it was agreed that we should focus on a few key areas of NRW business:
- The use of Area Statements in business and service planning.
 - The role of Area Statements in shaping our grants policy and processes.
 - How our work on green infrastructure can be better supported.
 - The use of Area Statements to support the work of the Development Planning & Advisory Service.
 - Developing the narrative around Area Statements and the Sustainable Farming Scheme.
21. These areas are not easily measurable and require activity reporting, using case studies and examples to illustrate, rather than key deliverables. Internally, they have been used to:
- Drive Place Plans.

- Inform, to varying degrees, Business Board Service Plans, such as Land Stewardship, Natural Resource Management (including Marine and Development Planning & Advisory Services), Flood Risk Management, Evidence, and Regulation.
- Support decisions on NRW grants, such as Shared Outcome requests and Public Service Board grants.
- Inform and influence policy, position statements and plan making such as Forest Resource Plans.
- Underpin programme activity such as within the Integrated Coastal Management programme, which actively seeks to bring together and integrate NRW's diverse work at the coast
- Support internal Place decision making and advice in our roles as advisor, land manager and regulator.

Summary

22. We have done much and can do more. What is emerging is that Area Statements have a pivotal role in shaping planning and activity across Wales and how we allocate our own resources. We have, understandably at this early stage, less confidence so far about the extent to which Area Statements have led to direct action on the ground, or changes in processes or systems.
23. Covid-19 recovery, the focus on climate and nature emergencies, the WG Programme for Government and new regional decision-making tiers all present opportunities to apply Area Statements. And we are starting to see the benefits of working across Area Statement boundaries, using the principle to “consider the appropriate spatial scale for action”, for example in catchment planning and working with National Parks that comprise more than one Area Statement. If we consider there is merit in taking a more issue-based, or localised approach to the development of Area Statements then we will look at how we might reflect that in the next iteration.
24. Section 11(6) of the Environment (Wales) Act (2016) specifies that “*NRW must keep Area Statements under review and may revise them at any time*”. We have developed a Position Statement (Annex 3) setting out how we will do this, beyond minor iterations such as described in this paragraph that do not require a formal review. Potential improvements include the need to agree a consistent mechanism for capturing information. Each Place has its own work planning and reporting mechanism to a greater or lesser extent based on the programme management approach and whilst this aligns to Place-based working, it is challenging to understand the impact that Area Statements are having.
25. We will address this in Q4. Having already undertaken some internal evaluation work (interviews with key users and their ‘user stories’) we will repeat our evaluation of Area Statements through our User Story Project, a three-year planned programme, to include external users of Area Statements, particularly those listed in the legislation. Further work is needed to develop a wider evaluation of Area Statements (and

implementation of the Natural Resources Policy) and this will involve the User Stories project.

26. Lastly, we need to continue to tie in Area Statements to our business planning. We will do this by focussing on the four key SoNaRR 2020 aims that represent our 'up pipe' approach, whilst also accounting for the Ministers' five priorities. In the meantime, NRW's Leadership Team Group recently (5 January 2022) discussed this Area Statement paper ahead of the Board meeting, focussing on the extent to which our respective Business Boards and Service Areas have embedded Area Statements in NRW's business planning. This was a useful reminder of the need to keep Area Statements 'alive' in NRW. The discussion yielded useful reflections on how they have been used and adjustments needed in our approach to ensure they are effectively influencing our business planning as intended.

Recommendation

27. The Board is asked to:

1. Note progress on embedding Area Statements in NRW's work and that of others to help address the climate and nature emergencies, aligned with the green and just recovery.
2. Note the use of Area Statements in the preparation of Well-being Assessments currently being undertaken via Public Service Boards.

Key Risks

28. There is a risk that Area Statements are not influential in the work of NRW and others. We will continue our work to ensure they are effective and that this risk does not materialise. There is some delivery risk in that elements of NRW's Area Statement staff capacity is temporary. This has been raised with WG under the Baseline Exercise. Failure to address this risk will limit the impact of Area Statements.

Next Steps

29. See recommendations.

Financial implications

30. Our Area Statement work is mainstreamed in NRW's work and budgeting. There is an urgent need to resolve the temporary staff listed under Key Risks. This will be considered in our response to the WG draft budget and revised Service and Place planning.

Equality Impact Assessment (EqIA)

31. To be added.

Index of Annexes

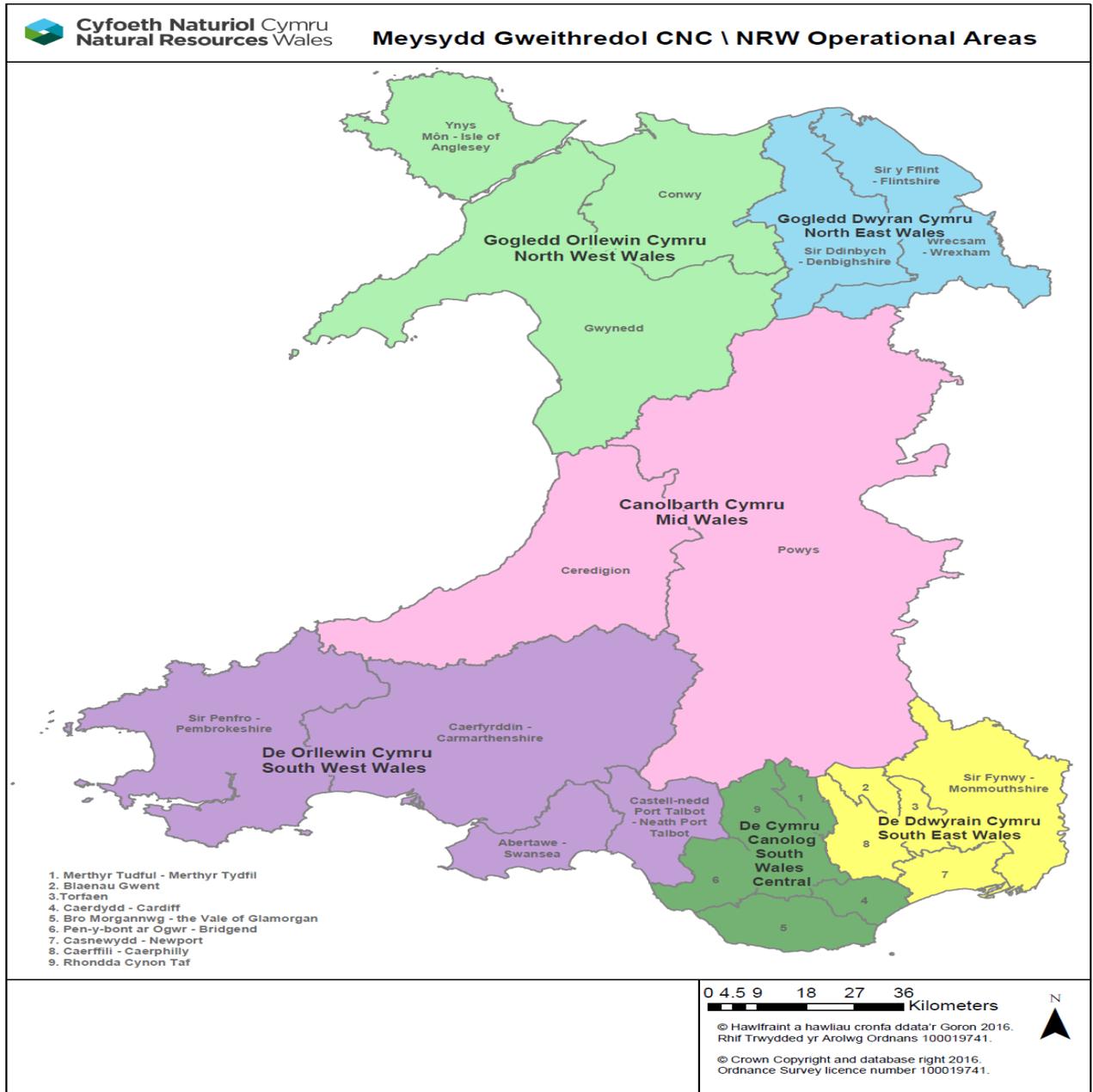
Annex 1: Map of NRW Places

Annex 2: NRW dashboard topic & measure reports

Annex 3: Position Statement

Annex 1

Map of NRW's Places



Annex 2

NRW dashboard topic & measure reports

Board Area Statement Update

Business Plan 2021-22: Dashboard topic and measure (Q1 & Q2 Reports)

Owner	Head of Service: Martyn P Evans Head of Business: Ruth Jenkins	
Business Plan Topic	Working with Partners and Communities using Area Statements	
Measure	Use of Area Statements within NRW particularly in our Service and Place plans and through joint working to embed local priorities and opportunities	
	Quarter 1	Quarter 2
Quarter milestone	Report our progress internally identifying lessons learnt and areas for change, and establish projects as required.	Update on programme and project progress and any action on areas for change .
What is the latest position? To end of quarter. Has the milestone been met? How does this reflect the reported RAG status?	<ul style="list-style-type: none"> Our milestone for this measure is to report our progress internally identifying lessons learnt and areas for change, and establish projects as required. We have not completed this activity as it is a rolling programme. We have adopted the main area statement themes in each Place Plan with operational teams now focussing their delivery around one or more of these. For example, opportunity catchments in NE Wales and SW Wales embedded in our environment teams work, both helping to deliver sustainable land management theme. The Marine team undertook an internal coastal 'deep dive' with land management colleagues to identify opportunities linked to the Sustainable Farming Scheme. Through the Natural Resources and Wellbeing Integration sub-group, opportunities for improving communication between policy and people and places teams to gather learning and identifying areas for change is being progressed. This measure is green. 	<ul style="list-style-type: none"> Our milestone for this measure is to update on programme and project progress and any action on areas for change. We have not completed this activity as it is a rolling programme. Place progressed aligning Area Statement priorities to other's work programmes e.g. opportunity catchments in Mid Wales (Telfi and Dyfi) and South West Wales (Swansea Bay and Milford Haven & Cleddau); access and recreation in South East Wales; and woodland creation in South Central Wales and Marine are progressing the Integrated Coastal Management Programme for Nature Based Solutions at the coast. Sharing Area Statement delivery examples wider across Operations in Place is happening. This measure is green.
What are we doing next? Will future milestones be met? If red or amber, how this will be brought back to green?	Quarter	<ul style="list-style-type: none"> We will now progress Opportunity catchments; sharing learning; delivery and development of a more consistent reporting mechanism for Area Statements. The position statement for when Area Statements would be reviewed will be finalised. North East will run an SMNR review pilot. Our next milestone for this measure is to update on programme and project progress and any action on areas for change, informing forward work programmes including using Area Statements to align our service plans to and with our Place plans. We are currently on track to achieve our year end milestone activity to update on programme and project progress and any action on areas for change, identifying new work programmes/projects for 22/23. We currently expect we will be green at year end.
Quarter end RAG status	Green	Green
Expected year end	Green	Green
Topic summary progress (Working with Partners and Communities using Area Statements) Overview of work undertaken and progress against this topic	<ul style="list-style-type: none"> Well-being planning is a key area of focus this year, updating Well-being assessments for Public Service Boards (PSBs) to incorporate the 4 aims in SoNaRR2020 and our evidence and learning from the area statement process. Gwent authorities have decided to create one PSB, and our area statement work is fully embedded in that process. Working in partnership with the Clwydian Range and Dee Valley Area of Outstanding Natural Beauty to engage local businesses, stakeholders and individuals in Pengwern near Llangollen to consider what they would like to see for their community over the next generation, particularly in relation to our changing climate. Mid Wales piloted a project mapping web application, and are sharing it with partners for them to use as a tool for joint working. NW shared learning of a case study at Newborough highlighting how behavioural insights had been applied. A collaborative 'Blue Recovery' agenda was developed with the Wales Marine Action and Advisory Group. 	<ul style="list-style-type: none"> Our focus this quarter has been on working with Public Service Board partners to develop Well-being Assessments, incorporating key messages and evidence from SoNaRR2020 and Area Statements. In Marine we have worked with internal and external partners to develop projects that can deliver improved condition of the Marine Protected Area network. In Mid Wales we have further developed our plans to actively engage with land managers and farmers. In South East Wales we have worked with the NHS Forest to promote tree planting in healthcare settings. To date, three partnership opportunities have been discussed: 1 new tree nursery (Cwmyoy) and potential greening at 2 new healthcare centres (Tredgar and Newport). In North East we are progressing a number of stakeholder projects including SMNR work in the Clwyd catchment with Dwr Cymru Welsh Water and the development of a 'vision' or 'Area Statement in miniature' for a small community near Llangollen.
	Quarter 3 Q3: Update on programme and project progress and any action on areas for change, informing forward work programmes including using Area Statements to align our service plans to and with our Place plans	Quarter 4 Q4: Update on programme and project progress and any action on areas for change, identifying new work programmes/projects for 22/23

Position statement

Keeping Area Statements under review

Reference number: PS028

Document Owner: Ruth Jenkins

What is this document about?

NRW published the first iteration of Area Statements on 31st March 2020, as a duty under the [Environment \(Wales\) Act 2016](#). We also have a duty to keep them under review – this document sets out our position on how we will do this.

Who is this document for?

This document is for staff and stakeholders involved in any aspect of Area Statements.

Contact for queries and feedback

Natural Resources and Well-being Strategy and Policy Team

SMNR@cyfoethnaturiolcymru.gov.uk

Version History

Document Version	Date Published	Summary of Changes
1.0	[Jul-2021]	
2.0	[Nov-2021]	Document revised following external consultation

Review Date: December 2022

To report issues or problems with this guidance [contact Guidance Development](#)

What are Area Statements?

The [Environment \(Wales\) Act 2016](#) requires NRW to prepare and publish statements for the areas of Wales that it considers appropriate, for the purpose of facilitating place based approaches to supporting the implementation of the Welsh Government's [Natural Resources Policy \(NRP\)](#). We currently do this in seven Places collaboratively with partners and stakeholders.

Area Statements outline the key environmental challenges facing a particular locality, what we can all do to meet those challenges and deliver the NRP priorities through better management of our natural resources for the benefit of future generations.

Viewed together, the seven Area Statements (six terrestrial, one marine) provide a collaborative, place-based response to the NRP.

Why we keep Area Statements under review?

Reviewing Area Statements is important, to ensure that as we engage with more people, gather new evidence, put forward ideas and work across boundaries to create opportunities, they continuously improve to deliver their purpose.

Section 11(6) of the Environment (Wales) Act (2016) specifies that “*NRW must keep Area Statements under review and may revise them at any time*”.

What do we define as a “review”?

Iterative review: Area Statements and the networks that sit around them, are continually evolving and adapting and iterating. Whilst their focus remains the priorities and opportunities set out in the Natural Resources Policy they also respond to local drivers, stakeholder defined priorities and fluctuations in resources.

Formal review: We have identified two key triggers that can require us to formally review Area Statements:

1. Changes in policy direction

The Natural Resources Policy is the main policy that influences Area Statements, supported by evidence in the [State of Natural Resources Report](#). There may be other government policies that have considerable implications which could result in new issues or opportunities being identified.

When considering changes in national policy it is important to recognise that these can be:

- *major and/or unplanned*, for example changes as a result of shocks such as EU Exit, the declaration of climate and nature emergencies, and COVID recovery.
- *general or iterative* such as general policy updates, for example transport, planning, health.
- *very specific*, for example 2030 targets around carbon reduction or protected areas.

2. Other significant factors

For example:

- new evidence nationally or locally which could challenge the validity/currency of a priority identified in one or more Area Statements.
- drivers/changes to what constitutes appropriate spatial scale.
- feedback from statutory users of Area Statements, for example Local Development planning, Designated Landscape planning, Well-being planning, Future Wales, and other plans and programmes
- changes to funding opportunities.
- changes in resource (staff) availability (NRW and/or partners and stakeholders).

Undertaking a formal review

Our current position, given the broad scope of likely policy changes – major, iterative or specific – and/or other significant factors, is:

- We will take a case by case approach to formal review, taking account of where there may be multiple triggers occurring simultaneously.
- We will involve stakeholders across all sectors in a review and we will make the best use of existing networks, for example national stakeholder forums such as the Wales Land Management Forum.
- We will explore with stakeholders what the process for any review might look like to ensure it meets the needs and scale of the change.
- We will apply the principles of Sustainable Management of Natural Resources to any review and document how that has occurred.
- Any review, as a result of a change in national policy, will apply to all Area Statements.
- Reviews driven by other significant factors will be applied at the appropriate scale.

Communicating the outcome of any review

Our current position on communication is:

- We will continue to use our website as the platform to summarise the key challenges and opportunities for each area of Wales, which acts as the formal Area Statement.
- We will keep the Area Statement webpages up to date (and be clear on where changes have been made) in line with the iterative nature of this work.
- The webpages will be revised to reflect any formal review of Area Statements resulting from a change in policy, for example, a new Natural Resources Policy, or other significant factor.

- A variety of methods will continue to be used to communicate and engage with stakeholders on Area Statements. At the national level we will continue to involve stakeholders through existing stakeholder networks and forums, such as the National Access Forum, and use these to draw out key learnings about Sustainable Management of Natural Resources and around the Area Statements process in particular.
- Where networks do not exist (locally or nationally), or are not functioning effectively, we will work with those stakeholder groups to ensure meaningful involvement in Area Statements.
- We will provide an annual update for each Area Statement which will include the implications of any changes in policy, or other significant factors, identifying key learnings from the previous year and what has changed as a result.