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Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

Llyr Gruffydd MS  
Chair, Climate Change, Environment and Infrastructure Committee

10 May 2022

Dear Llyr,

Thank you for your letter of 22 March 2022 which included a copy of your Committee's 'Annual Report on Natural Resources Wales' and requesting a formal response on your recommendations.

Firstly, I want to thank you and the Committee for preparing this comprehensive report and giving me the opportunity to respond. As the Welsh Government's principal adviser on issues concerning Wales's natural resources, it is imperative both Natural Resources Wales (NRW) and Ministers are held to account on the exercise of its legislative functions. Your report made eight recommendations with three of those requesting a response from Welsh Ministers. I have addressed each of these below.

**The Minister should set out the timetable for the completion of the baseline review of NRW. The Minister should provide an initial update to this Committee on the review's progress no later than 3 months after the publication of this Report.**

NRW presented to the Welsh Government an initial report of its baseline activity set against its budget in November 2021. I must point out that this information came following discussions to agree the 2022/23 budget. Since then, WG officials have been working with NRW to examine the allocation of its resources against its statutory functions and Programme for Government commitments. NRW, working alongside my officials, have agreed to provide further information for consideration by the end of July 2022. This includes those related to the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021.

Following this, I will meet with Senior Leaders in NRW to discuss how it will allocate its funding and internal resources to meet its statutory obligations whilst achieving Ministerial priorities for the remainder of the current term of Government from 1 April 2023. This includes reviewing any financial pressures along with funding opportunities for NRW. Therefore, I expect the baseline review will conclude before the end of the 2022/23 fiscal year.

**The Welsh Government must ensure that funding for NRW is commensurate with its roles and responsibilities. We expect to see an appropriate increase in NRW funding following the outcome of the baseline review.**

The Welsh Government accepts the principle that NRW should receive funding commensurate with its role and responsibilities. Any increases to NRW's funding will be

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

contingent on robust information being provided before the end of July 2022 and reassurances on the level of service it will provide for the people of Wales.

**The Minister should provide further information to the Committee on discussions she is having with NRW about how its funding model might change in the light of the baseline review.**

My officials are working with NRW to consider its funding model and how we might provide greater certainty to NRW and over a longer time period. For example, we are considering the funding model which underpins NRW's management of the Welsh Government's Woodland Estate and how we can mitigate the impact of volatility in the timber market. These options will be presented to me, alongside information on NRW's allocation of resources, by the end of July 2022.

Yours sincerely



**Julie James AS/MS**

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