



**Cyfoeth  
Naturiol  
Cymru  
Natural  
Resources  
Wales**

# Evidence Briefing

**Climate Change, Environment & Infrastructure Committee**

**Annual Scrutiny of Natural Resources Wales – January 2024**

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### 1. Overview

To supplement the detail of our annual report for 2022/2023, we have outlined below some key areas of work in order to update committee members on more recent activity.

### 2. Budget

As you will be very aware, the public sector is being increasingly challenged with having to meet intensifying service demands whilst coping with funding and budget constraints. This is exacerbated by changing demographics which include an ageing workforce and high vacancy rates in a jobs market in which it is progressively difficult for us to compete. We are also seeing high demand for specialists in key areas where we cannot match private sector pay and this is leading to attraction and retention issues as well.

Natural Resources Wales (NRW) has faced significant additional pressures this year, particularly in relation to managing increased costs as well as the impact of timber income volatility. While we have taken steps to alleviate the pressure on our budget, such as an external recruitment freeze and a reduction of non-staff budgets, serious challenges remain.

We are undertaking a thorough review of all of our activities to make the further budget reductions required, and set us on a sustainable pathway for the next financial year and thereafter. We are committed to maximising efficiencies to protect frontline services but it is clear that we will need to scale back and/or stop some services. To realise those efficiencies, there will need to be investment and we are discussing with Welsh Government (WG), whose officials have been involved throughout this process, the possibility of making an Invest to Save bid. Our Executive Team are considering all our options and know that there will be some difficult decisions to be made which will inevitably impact services that the public enjoy and expect.

This work is ongoing and the initial outcomes will be presented to our Board in early February, with the final budget and business plan due to be agreed by the Board in March. We recognise that we will set a budget of over £250m next financial year, which represents a significant investment to address the nature, climate and pollution emergencies.

### 3. Corporate Plan & Strategic Indicators

Launched earlier this year, NRW's corporate plan [\*Nature and People Thriving Together\*](#) sets out our vision, mission, and well-being objectives to 2030. When we published the plan we committed to strengthening the system for monitoring delivery against our well-being objectives and steps to take, so that we can be held to account by Ministers and the people of Wales.

Since April 2023, we have been working to strengthen our performance management framework, including the development of impact statements accompanied by strategic indicators and supporting narrative. These are the first tier of performance reporting providing strategic level insight into our effectiveness over the long-term in meeting the ambition of the well-being objectives.

We will publish draft impact statements and strategic indicators in January 2024. While ambitious, the draft impact statements are also realistic and achievable, showing the change we want to see for both nature and people to 2030 and beyond. The impact statements are outward facing and clearly recognise NRW cannot achieve them alone.

Twelve draft strategic indicators have also been identified to show progress towards the impacts. These will focus on the trajectories / curves we need to turn (the things that need to change by 2030). Our choice of strategic indicators is focussed on those things that are within NRW's power to influence. Strategic indicators may contribute to several impact statements highlighting the cross-cutting and holistic approach we are taking to monitoring and reporting.

Each of the strategic indicators is accompanied by a supporting narrative to enable us to demonstrate the linkage to the corresponding elements of our operational delivery. The narrative will also outline the broader context in which we work to illustrate dependencies, identify potential risks, and provide clarity on the external constraints and inefficiencies in the wider system that could be a barrier to progress. The supporting narrative will be revised each reporting cycle to reflect changes.

Performance against the draft impacts and strategic indicators will be scrutinised at Executive Team and the Board at well-being objective strategic discussions through the year. These sessions will be framed by the impacts and relevant strategic indicators and informed by the supporting narrative. The primary focus will be on NRW delivery, pulling through the relevant steps to take and associated operational performance metrics. The narrative will also reflect on the wider external context including, Government, partnerships and wider society and international/global approaches.

#### **Next Steps**

The impact statements and strategic indicators documentation will be published in draft in January 2024, and will be assessed through to quarter three of 2024/25 to establish their

suitability and the process for monitoring and reporting against them. Using the learning from this testing phase, they will be finalised in the autumn of 2024 with any changes recommended to the Executive Team and Board for approval. Thereafter, the impact statements and strategic indicators will remain fixed to 2030.

In parallel, the performance management framework policy and guidance will be finalised to ensure the learning from the testing phase is embedded; there is clarity on roles and responsibilities; and the controls required to provide assurance at the first and second lines of defence are in place.

#### **4. Strategic workforce planning**

We established a People Transformation Programme in August 2022 to deliver our People Strategy (2022-2025). This strategy requires the development of a Strategic Workforce Plan to inform enterprise-wide decision making. We have initially focussed on a few priority areas to test the approach and ensure we deliver the greatest benefit in terms of insights and intervention.

##### **Education and academia**

We continue to build relationships with academia via our Internal Evidence Group, seeking opportunities for research collaboration, as well as seeking new and innovative ways to engage with students. Our links with Environment Platform Wales are expanding with increased research opportunities offered as well as support for industry linked modules through work with Aberystwyth University. These opportunities combined with our education and learning programme provide many opportunities for routes into employment to NRW and the wider sector.

Our education and learning programme continues to expand with increased educator/student training opportunities linked to specific careers and work-related experience. Our partnership with STEM UK ensures we are addressing the scarce skills needed to address the nature, climate and pollution emergencies.

##### **Placements**

We believe that placements give people the opportunity to gain valuable skills and share experience and expertise whilst also making a significant contribution to the success, equality, and diversity of our business. Our approach to placements is set out in our placement policy and procedure. This is the framework for the recruitment, co-ordination, support, and implementation of placements.

There are currently thirty-seven people participating in paid placements. These opportunities are all remunerated in line with our commitments as a Real Living Wage employer. There are also a variety of unpaid opportunities including various volunteering schemes, which allow us to increase and retain scarce skills, for example, volunteer divers.

These are important routes into paid placement schemes and employment with our organisation and the wider environmental sector.

## 5. Adfywio/ Renewal Programme

### Accommodation

We have published our accommodation strategy which sets out our accommodation vision for the next seven to ten years. It aims to ensure that within the financial and administrative confines placed upon a Welsh Government Sponsored Body, our portfolio will meet the business needs of a Category 1 responder whilst transitioning towards a net zero carbon future, recognising the need to adopt climate adaptation measures to meet the Climate Emergency and contribute to the Nature Emergency by appropriate management of the curtilage around our buildings. We are focussed on reducing emissions, reducing the cost of our built estate, and improving staff wellbeing. This is supported by an accompanying dynamic delivery plan which sets out broadly what we intend to do with our existing accommodation and when.

We have been in discussions with a range of public and third sector partners about shared space and have recently taken some space with Powys County Council in place of opening an office in south Powys.

We have given notice on our Tŷ Cambria offices in Cardiff and are moving to a dedicated wing in the Welsh Government offices at Cathays Park. This project is making good progress, with NRW staff due to have access to the new office in early 2024. This move will make significant emissions and efficiency savings for NRW and the wider public sector. We hope to realise 10-year savings of between £3 and 4million and reduce emissions from heating and lighting by 50% (from 250 t/CO<sub>2</sub>e to 125 t/CO<sub>2</sub>e based on 219/20 baseline figures).

### Travel

We are committed to transitioning our light good vehicles fleet to ultra-low emission (predominately battery electric) by 2030. We are also working to increase the efficiency of our fleet and increase utilisation rates. By the end of 2023/24 10% of our 550 road vehicles will be battery electric. We have introduced an interim vehicle purchasing policy which prevents the introduction of new diesel cars or vans onto the fleet unless there is a clear business case.

A 5-year fleet transition plan has been drafted to drive the switch from diesel to battery electric in the car and light goods category. We are currently working with fleet users to identify suitable battery electric vehicles (BEVs), the Welsh Government Energy Service are providing excellent technical advice to the project.

To support the role out of battery electric vehicles (BEVs), we have introduced a further 48 EV chargers at NRW offices and depots bringing the total to 62 charging points. We plan to

procure a contract to supply an NRW wide charging infrastructure in 2024/25, subject to budget being available.

We have trialled several battery electric vehicles across various parts of the business and in different geographic locations. These include all-terrain vehicles (ATV's), 2-wheel drive pickups and several different vans. To decarbonise other areas of our fleet and plant we have introduced the use of hydrotreated vegetable oil (HVO) as a short-term and interim measure. This is being used in our plant, portable generators, and fuel bowsers. Once BEV alternatives become available, we will move away from the use of HVO.

### **Next Steps**

We will be publishing a fleet and travel strategy in 2024/25 which will outline how we intend to accelerate the transition to a battery electric fleet which will involve trialling specialist battery electric vehicles.

We will continue to rationalise our built estate, which will include developing a delivery plan for decarbonising heat whilst working to better understand the scale and impact of climate change mitigation measures required. It should be noted however, that the cost of the measures needed to decarbonise NRW buildings and build in the necessary adaptation measures are expected to be significant and the pace of this work is limited by the staffing resources available.

## **6. Water Quality**

### **Price Review 2024 (PR24)**

Wales' Water Companies submitted their PR24 business plans to Ofwat on 2 October 2023. Ofwat is now reviewing these and will issue draft determinations in May 2024 before final determination in December 2024. The agreed business plan and associated funding will then be delivered from 1 April 2025 to 31 March 2030 during Asset Management Programme period 8 (AMP8).

We welcome the submission of these business plans as they are the culmination of years of work between the water companies and regulators, setting out a significant programme of much-needed investment across Wales in the water environment. The investment will prevent the risks and pressures water company operations place on the environment, and improve the Water Companies' environmental performance.

Ofwat will make the final decision, in line with guidance from Welsh Ministers. Our expectation is that the AMP8 investment programme will support sustainable environmental improvements for the benefit of current and future generations.

## **Better Water Quality Taskforce**

The Taskforce continues to drive delivery of the storm overflow action plan, and in August we issued our first storm overflow report to stakeholders in line with our commitments within that plan. We are working with both DCWW and Hafren Dyfrdwy on improvements to the data and metrics for the 2024 report.

In October, we issued guidance for classifying storm overflows as well as process guidance for permitting un-permitted overflows. This sets clear definitions about the conditions under which a storm overflow is permitted to spill within its environmental permit, and includes definitions for what constitutes a 'dry day discharge' and the required rainfall totals to justify a spill during 'heavy rainfall' using definitions set by the Met Office. It also sets the requirement for the screening of intermittent assets.

We are also working to ensure that our data is more easily available to others. Alongside this we are improving how we manage, process and regulate the use of Water Company data for compliance purposes. This will enable us, as the regulator, to better identify where assets may be causing environmental harm and ensure that water companies better focus their maintenance and capital investment.

## **SAC Rivers Update**

Of the eight commitments allocated to NRW in the First Minister's Action Plan, we have completed five, which includes sharing the Mitigation Measures Menu, the NMB Evidence Pack and Constructed Wetland Policy, as well as undertaking a Review of Permits. As part of the latter, we have varied 31 out of 171 DCWW Wastewater Treatment Works (WwTWs) permits to date and have updated our planning advice to Local Planning Authorities (LPA). Some key permits have been issued to allow the LPA to start making decisions, for example, in the Five Fords and Gresford WwTWs in the Dee catchment. We have also run a series of training events with Local Planning Authorities and with internal staff, outlining changes to advice and consideration in the decision-making process for planning and permitting.

There have been significant delays to issuing variations of permits due to DCWW challenging our approach to applying the phosphate and ammonia limits in particular. The issuing of permits has also been delayed by the lack of monitoring data and agreeing the required timeframes for delivering improvements. Any additional appeals from the water companies will delay Local Planning Authorities being able to make planning decisions as only when the appeal has been concluded can Local Planning Authorities proceed.

## **Teifi Demonstrator Project**

This project will involve a variety of partners, including land and water management sectors, local authorities, and academia, to highlight collaborative approaches to water quality and water resource improvements - building riverine habitat resilience through sustainable land and water management. We will adopt agile and innovative approaches and the learning

developed will be scaled up and out across Wales bringing multiple benefits to other river systems. It is a great opportunity to demonstrate how collaborative interventions can reverse the negative trends we are seeing, improving water quality, ecology and habitat, and supporting the resilience of local communities and the benefits that come from our natural environment.

A project manager has been appointed to develop the work with partners over the next six months, and an evidence analyst will start at the end of January. An initial launch meeting took place with senior representatives from the key stakeholder organisations in Lampeter on 24 November, and an update on this new project was provided at the First Minister's third River Pollution Summit on 30 November in Cardiff. A conference will be held in February taking a "hackathon" approach to further explore collaborative opportunities and innovative ideas with a wider group of stakeholders/citizens.

### **Water Resources (Control of Agricultural pollution (Wales) Regulations 2021)**

We have so far recruited 19 of the 22 roles in the new all-Wales Agriculture Regulation Team who will provide advice to farmers across Wales on compliance with the new Water Resources (Control of Agricultural pollution (Wales) Regulations 2021). This will include taking enforcement action when necessary.

## **7. Flooding**

### **Technical Advice Note 15 (TAN15)**

We are keen to support sustainable development across Wales and recognise its importance in ensuring our communities can remain vibrant and viable. However, we believe that the latest draft of TAN15 is a backwards step from the clear and positive policy direction set out in the 2021 draft, and a worsening of the position provided by the current 2004 TAN.

We have recently written to the Minister for Climate Change suggesting that we should collectively find ways to support regeneration in a sustainable way and identify means to make existing communities and new development more resilient to flood risk and improve their ability to recover quickly after flood events. Suitable routes for access and egress in cases of emergency deployment and evacuation should also be maintained, and new developments should not be exposed to unacceptable risk, reducing as far as possible new highly vulnerable development in areas of significant flood risk so as to protect our future generations.

Appropriate safeguards should also be in place where development sits behind a defence and we should not seek to defend undeveloped areas for the sole purpose of enabling development, when these areas may be needed to make space for water especially with the increased impacts of climate change.



## 8. Natur a Ni (Nature and Us)

Earlier this year the [Nature and Us Vision](#) was published. Created by the people of Wales, it sets out an inspirational challenge for Government, Public Bodies and the third sector to work together **and with citizens** to find solutions to both the nature and climate emergencies, and the challenges to the services on which our citizens rely. In short, the Vision calls for a 2050 where society and nature thrive together; where people are more involved in decisions that impact on nature.

Now, more than ever, we need to work together as Public Services in Wales so that we can co-develop more inclusive and integrated solutions to overcome these acute challenges, and we draw on this Vision as a beacon for hope for the future. As a commitment to the people of Wales involved in the development of the Vision, we will use our reporting processes to demonstrate the actions we have taken towards it, including where we deliver in partnership with others. We will be clear about the impacts that our collective actions have on people and nature, both directly and indirectly.

In considering those wider determinants we will continue to work through a number of important mechanisms for collaborating with public services – most significantly, as members of Public Services Boards in Wales. We recognise the importance of using these statutory mechanisms for continued innovative collaborations across public services and integrating the outcomes of our work.

## 9. Board Recruitment

At the request of Julie James MS, Minister for Climate Change, Sir David Henshaw's tenure as Chair of NRW has been extended to October 2025. The board is currently carrying one vacancy and will recruit to this post as part of the wider campaign to appoint to the two other roles whose tenures expire in October 2024. We are working closely with Welsh Government on this and expect the recruitment campaign to begin in the early spring of 2024.

December 2023