

# Response to Natural Resources Wales Annual Scrutiny 2023-24

## Recommendation 1.

NRW should progress the development and implementation of Service Level Agreements (SLAs) across all remaining areas of its business and provide a detailed outline of the next phase of SLA work, including specific areas to be covered and a timeline.

Our corporate plan, Nature and People Thriving Together, sets out our vision, mission and well-being objectives to 2030 and beyond. The start of the new corporate plan cycle has enabled us to review our approach to planning and performance.

Our refreshed performance management framework will ensure a clear line of sight from the strategic ambition to the operational delivery. We have designed an outcome-focussed approach to measure our progress towards the corporate plan well-being objectives. There are three levels:

- Strategic and long term. Impacts and strategic indicators defined for 2030 and beyond.
- Operational and medium term. Multi-year planning focussed on delivering the well-being objective steps to take. We will sequence and map delivery to 2030 across our services. Metrics will set the stretch and will be monitored to ensure we are on the pathway to meeting the 2030 ambition.
- Operational and short term. Annual commitments and key results, defined in the annual business plan. They will identify those things that need to happen in a year to drive the change we want to see, for example testing new approaches or streamlining processes. The operational multi-year planning metrics will define the stretch that the short-term annual business plan will respond to.

Through 2024-25, we are focussed on the development of the approach to multi-year planning, including metrics, taking learning from the development and implementation of the SLAs. The approach will be tested and refined through 2025-26.

We are engaging with WG sponsorship and policy officials on the design of the approach to multi-year planning. As this will be our focus, we will not be renewing or developing new SLAs. Through development of the multi-year plan, we and WG sponsorship, will reach an agreement on next steps and products, to ensure the multi-year plan provides clarity on the resources aligned to the outcomes in the corporate plan and the contribution from each of our services.

## Recommendation 2.

NRW should explore opportunities to engage with stakeholders to refine and enhance the effectiveness of the SLAs, particularly focusing on the priority areas identified for the next phase of SLA development.

Through the refresh of the performance management framework, we will create an integrated perspective, enabling us to reflect on progress towards our vision and WBO outcomes. It will enable us to have greater understanding of effectiveness, identify what is driving delivery, what is hindering progress and where things need to change.

This increased understanding of effectiveness will be combined with insights from our stakeholders, to help us prioritise where and how we improve our services. As stated in recommendation 1, we will be focussing on multi-year planning through 2024-25 and will draw on insights from stakeholders to inform the sequencing and mapping of delivery across services to ensure we focus on the outcomes we want to see.

We are currently engaging with stakeholders on the impacts and strategic indicators as we complete the testing. We will share our learning as part of Recommendation 3.

## Recommendation 3.

NRW should provide an update as soon as practicable after October 31, 2024, on the progress of developing final strategic indicators and performance metrics.

Through 2023/24, we worked collaboratively across the organisation to develop our impacts and strategic indicators as a bridge between the Corporate Plan's Well-being Objectives and operational performance. They will be used by ET and Board to demonstrate scrutiny of long-term strategic performance, alongside the quarterly assessment of operational performance. Together, these will inform our annual assessment of performance in the NRW Annual Report and Accounts.

We are currently in the process of testing and refining the impacts and strategic indicators, using them to frame NRW Board strategic deep-dive sessions, while also engaging with partners to share insight and identify opportunities for collaboration.

We will finalise the impacts and indicators in the autumn of 2024, and will look to implement them from 2025-26 through to 2030 and beyond.

They will be going to the NRW Board in November for sign-off and we will provide an update as soon as practicable after this.

## Recommendation 4.

NRW should work closely with the Welsh Government to develop and implement strategies that minimise the negative impacts of the current budget settlement and ensure that essential services are maintained despite the funding shortfall.

Over the last 11 months we have undertaken a number of detailed reviews to manage our expenditure and financial risk including:

- a zero-based review of non-staff budgets
- significant controls on all internal and external recruitment
- a review of all fixed term appointments, including agency temps
- reducing our reliance on contractors
- simplifying our processes to enable colleagues to reduce their hours or buy additional annual leave
- where possible reduce the use of Travel and Expenses

These measures ensured we balanced our budget in 2023/24. In parallel, we have undertaken an organisation-wide prioritisation exercise. We have applied a number of perspectives: the alignment and impact of activities on delivery of our well-being objectives and steps to take; the statutory drivers of our work; the priorities from the Term of Government Remit Letter; and the application of the Sustainable Development Principle.

By integrating these different perspectives, our intent has been to:

- protect those things that only we can do, given our unique set of levers and tools as an environmental regulator and statutory advisor
- protect our work for nature, given we are the only public body in Wales with this remit
- focus on those activities which deliver multiple benefits for nature, climate and pollution minimisation
- build on the investment we have already made to improve capacity in some areas

Our intention is to try to maintain and improve the level of service of many activities central to the delivery of the outcomes in our corporate plan. However, for a smaller proportion of activities, we will see a reduction in service as we either adopt a higher tolerance of risk or we scale back our ambition. Unfortunately, given the pressures on resources, there are areas where we have had to take the decision to stop activities that we believe we are no longer best placed to deliver.

Overall, we will need to reduce the number of posts (not people) in the organisation over the course of 2024/25. The well-being of our colleagues will be a key priority as we navigate this change, continuing to adopt agile approaches to align colleagues to delivery of our work for nature, climate and minimising pollution. The proposed changes will have implications for our work with partners and we will engage with them to explain what the changes mean.

## **Recommendation 5.**

NRW should develop and implement an engagement strategy that includes consultation with the public and stakeholders about decisions on service reductions or restructuring. This strategy should aim to manage expectations and explain changes in service delivery.

We are currently finalising proposals to secure our financial sustainability and resilience in 2025/26 and 2026/27. We are preparing a communications plan for our staff and will engage with our partners and stakeholders, at the appropriate time, to explain what the changes will mean for our work with them.

## **Recommendation 6.**

NRW should update the Committee in due course on the details and outcome of its invest-to-save bid.

This recommendation is accepted. We will provide an update to the Committee as soon as we are in position to do so.

## **Recommendation 7.**

NRW should report to the Committee within the next six months on the status of its visitor centres and outline plans to continue their operation.

This recommendation is accepted, and we will be in a position in the next six months to outline the direction and processes of the future operating of the Visitor Centres on the estate.

## **Recommendation 9.**

NRW should provide a detailed update on the progress of developing statutory biodiversity targets.

This recommendation is rejected.

Welsh Government, not NRW, are responsible for developing statutory biodiversity targets for Wales as part of Wales's contribution to the UK's commitments to the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework (GBF) aims and targets.

On 30 January, WG launched their Environmental principles, governance and biodiversity targets White Paper consultation. Amongst other aspects it proposes introduce targets and

statutory duties for protecting and restoring biodiversity in Wales in-line with 2030 and 2050 timescales set by the GBF. The proposals include introducing a statutory Nature Recovery Framework with an overarching biodiversity target to be underpinned by additional and more specific statutory targets through secondary legislation. The proposals also include requirements for Welsh Government to publish a statutory nature recovery strategy and action plan. SoNaRR would be utilised as the key statutory reporting mechanism for monitoring and demonstrating delivery against the targets once they are developed, with Ministers required to lay a statement before the Senedd reporting whether the targets have been met. The new governance body is proposed to provide independent scrutiny and oversight of the delivery of the statutory targets.

We are working, alongside others such as JNCC, to provide information, evidence and expertise, and support Welsh Government with their development work to establish a statutory biodiversity framework and statutory biodiversity targets in-line with our Corporate Plan Well-being priority: Nature is recovering.

## **Recommendation 11.**

**NRW should keep the adequacy of resources for monitoring and enforcement of the Enhanced Nutrient Management Approach under review.**

NRWs current SLA with WG includes providing compliance monitoring and enforcement of the Enhanced Nutrient Management Approach (ENMA) which runs for the calendar year starting 1 January 2024 to 31 December 2024. Nine land managers have informed NRW that they are intending using the ENMA during this period. Those sites where the ENMA is adopted are considered “high risk” and are included in our targeted inspection programme undertaken by Control of Agricultural Pollution Officers funded by our SLA with WG. Funding for this work is in place to the end of March 2025, we will be seeking the SLA and its funding to be extended into subsequent years.

## **Recommendation 12.**

**NRW should regularly review its forestry resource plans to ensure they incorporate the latest ecological research and climate change projections and increase the use of native species and mixed planting to enhance biodiversity and build resilience against diseases.**

This recommendation is accepted. We already do this fitting those key risks and benefits in to our fully integrated way of working and our duty for sustainable management of natural resources (SMNR).

Forest Resource Plans (FRPs) are the core management document for the Welsh Government Woodland Estate. They are updated on a 10-year cycle with a 5-year review point. They set out long-term objectives and are the basis for multi-year programmes of work, for regulatory approval of tree felling, and are a key tool for consultation with

stakeholders. When developing FRPs, our team of planners use SMNR principles to respond to a range of benefits and risks, including timber production, climate change adaptation, safeguarding clean water and managing flood risk, nature conservation, landscape enhancement and access to nature. We have a programme to replace old style Forest Design Plans with FRPs, which respond to a broader range of benefits and risks. There are 70 FRPs in total.

We will accelerate the rate at which we adapt the NRW Estate to climate change, subject to resources. For forestry the main threats are drought leading to stressed trees and higher risk of wildfire, more frequent and intense gales leading to major windblow of trees, and more frequent and intense rainfall events damaging forest infrastructure. These are exacerbated by the increased threat from tree pests and disease. Actions are already in progress. For forestry this means accelerating our thinning programme to increase resilience to drought, further increasing management by thinning as opposed to management by clear-fell and restock, increasing the rate at which we diversify tree species, building wildfire management into forest design, and embedding our contingency plan for tree disease outbreaks.

These priorities are reflected in the steps to take in our Corporate Plan.

We have strong links to the latest research on forest ecology, including, for example a public sector to public sector partnership agreement with Forest Research. We both receive and contribute to this research and thinking, for example, via our State of Natural Resources Report (SoNaRR).

### **Recommendation 13.**

**NRW should provide an update on any discussions held with the Cabinet Secretary for Climate Change and Rural Affairs regarding the management and plans for internal drainage districts.**

NRW has not had any direct or detailed discussions about Internal Drainage Districts with the Minister, but as IDD's are part of our duties it may get discussed from time to time with Welsh Government officials. We have not made any request to the Minister or to Welsh Government officials for a review of IDD's, but we have shared our view with officials that it may be timely to undertake a review, given the challenges posed by the climate and nature emergencies. We responded to a request from the Chair of the Senedd's Trade, Economy and Rural Affairs Committee for our views on aspects of IDD's in March 2024 and in that we shared this view that a review may be timely. This response was shared with Welsh Government officials in our sponsoring department.