

Neil Sachdev, Chair
Natural Resources Wales

29 January 2026

Dear Neil,

Annual scrutiny of Natural Resources Wales

I would like to extend the Committee's thanks to you, Ceri Davies and Rachael Cunningham for attending its meeting on 14 January to give evidence on Natural Resources Wales' (NRW) latest annual report and on-going work.

While the Committee would usually publish a report following annual scrutiny sessions, as time is limited before dissolution, Members agreed that it would be more appropriate to follow-up issues raised during the session in correspondence. These are set out in the Annex.

We were grateful to receive your "manifesto for Wales", *2026 and beyond: Bold steps for people and the environment*. The document is clear and engaging and will, no doubt, prove useful to incoming Senedd Members and their staff, particularly those who may be less familiar with NRW's work. We would encourage NRW to engage early with our successor committee on your recommended key actions to help shape its priorities.

We would like to thank the executive team and NRW's wider staff for the constructive way in which they have engaged with the Committee throughout the Sixth Senedd. We understand that Ceri Davies will shortly be retiring, and we would be grateful if you could pass on our sincere thanks for her contribution. We wish her every success in the future.

A copy of this letter has been sent to Huw Irranca-Davies MS, Cabinet Secretary for Climate Change and Rural Affairs.

I look forward to receiving a response from you as soon as possible, and by 26 February at the latest.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Llyr', with a stylized flourish underneath.

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

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Annex: Annual scrutiny of Natural Resources Wales

Progress on commitments and key deliverables

In commenting on progress towards previously missed Business Plan 2024-25 commitments, Ceri Davies told us that NRW is now “very much seeing the improvements that we wanted to see”, with quicker turnaround on amber and red commitments than anticipated. We are encouraged to see NRW’s performance on a positive trajectory.

NRW has experienced a turbulent few years, marked by significant financial challenges, frequent reviews and, more recently, structural and operational change. As it enters what we hope will be a more stable period, we are keen for a strong and consistent emphasis on delivery, with continuous improvement embedded into ways of working.

Budget

We welcome the additional £25 million funding allocated to NRW for 2025–26, including the £4 million increase to the baseline Grant in Aid. Ceri Davies explained that the additional Grant in Aid has been directed towards ‘critical services’, helping to mitigate impacts identified during the Case for Change on areas of concern.

You highlighted the constraints posed by annual budget cycles and the importance of longer-term financial planning, particularly for infrastructure investment, to address environmental challenges. We agree that multi-year budgets would support more effective financial planning and management. We would encourage you to continue to press the Welsh Government on this matter during the Seventh Senedd.

Throughout this Senedd, we have consistently called for increased funding to enable NRW to deliver its core functions and statutory obligations effectively. We are pleased to see NRW on a more stable financial footing. We will be recommending that our successor committee continues to scrutinise NRW’s budget sufficiency during the Seventh Senedd.

HMRC settlement

We discussed NRW’s approach to managing the £1.46 million annual budget reduction required to repay the £14.6m HMRC settlement. Rachael Cunningham explained that £4.4 million was paid in 2024-25 due to an underspend, and that the reduction was built into the planning cycle for 2025-26. She explained that NRW will seek to accommodate repayments through efficiency savings and aims to repay the settlement in the earliest time possible.

While we welcome your assurance that the reduction is not “having a detrimental impact on our service”, the fact remains that there is an opportunity cost involved. As you acknowledged, repayment of the settlement is “stopping us investing more” in priority areas, which is regrettable.

The Committee has previously stressed the need to learn lessons from this experience, and we are pleased that both NRW and the Welsh Government have taken steps to do so. We note that a further report on lessons learned will be completed shortly, and we welcome the commitment given by Ceri Davies to share the findings with us.

The Case for Change

Impact on workforce and staff morale

We were pleased to hear that the additional funding for 2025-26 has helped mitigate the impacts of the Case for Change on staff. Although compulsory redundancies were kept to a minimum, we are mindful of the personal cost of any redundancy.

You acknowledged the significant toll the process had on staff morale, describing it as “incredibly traumatic”. While we were pleased to hear that staff morale is now “starting to rise”, it is essential that NRW learns lessons from this experience. We welcome the independent review underway and would be grateful if you could share its findings with us.

Visitor centres

In our most recent [annual scrutiny report](#) (May 2025), we expressed disappointment at the closure of visitor centres at Bwlch Nant yr Arian, Ynyslas, and Coed y Brenin and recommended that NRW provide a credible plan for reopening them.

Ceri Davies outlined NRW’s “vision” for the centres and provided an update on services operating at the sites.

We note that the Ynyslas centre has reopened under the management of the Borth Community Hub, while Bwlch Nant yr Arian and Coed y Brenin visitor centres remain closed. The current marketing exercise to identify suitable partners to lease the centres is not expected to conclude until summer 2026, by which point the centres will have been closed for well over a year. NRW previously indicated it was expecting the centres to be operational “in some capacity” by the summer of 2026. We would welcome clarification on whether this remains its goal.

We have previously highlighted our concerns about the potential impact of the visitor centre closures on visitor numbers across the three sites. Ceri Davies indicated that visitor numbers had remained the same despite the closures and agreed to provide us with figures. We would be grateful for figures from March 2025 onwards (when the centres were closed), alongside comparable figures for 2024.

Enforcement

You emphasised the need for “firmer tools” to address environmental damage, saying, “Where environmental damage is caused and could have been prevented, there must be a stronger, more

timely consequence". You also raised concerns about the length of court processes and the limited deterrent effect of current fines.

We discussed concerns that some businesses may be treating pollution fines as a routine cost of doing business. You suggested that tougher penalties are needed to act as deterrent, saying: "I don't think fines are enough. This should be a criminal event, and I would urge us to start thinking about how do we make this a criminal issue".

We share your view that all too often polluters escape meaningful consequences, and that stronger deterrents would help address repeat offending. We would encourage you to pursue this matter with our successor committee and the incoming Welsh Government.

We have previously emphasised the need to ensure that NRW has access to the full range of enforcement options to tackle pollution effectively, asking the Welsh Government to consider expanding NRW's civil sanction powers. We intend to follow this up with the Cabinet Secretary for Climate Change, Environment and Rural Affairs later in the spring term.

Water reform

While the plan for water reform for Wales is still at an early stage, current indications are that it will likely involve changes for NRW. We were reassured to hear that NRW is actively advising the Welsh Government and DEFRA, and that it is contributing to the joint transition plan, expected later in 2026. Given the scale of the proposed changes and the high level of public interest in the water sector, we will be recommending that our successor committee provides robust scrutiny of the proposals once further details emerge.

Flooding

We discussed NRW's progress in improving flood forecasting and its flood warnings service. We heard that forecasting models have been updated in Dinas Powys, Cadoxton, the upper Wye in Powys and the upper Monnow in Monmouthshire, with learnings from recent storms. We would welcome details of NRW's near-term plans to extend coverage of tailored models of flood-risk for areas with river flood warnings, including any assessment of investment need.

In our report, [The response to recent storms](#) (September 2025) we recommended that NRW should be able to access and participate in ensemble forecasting trials. We would welcome an update on NRW's involvement in these trials and an indication of when ensemble forecasting is expected to be fully embedded within the flood forecasting and warnings service.

Rachael Cunningham told us NRW's flood warning system, launched in July 2024, "was a massive step forward for us". We have previously emphasised the importance of increasing uptake of this service. We would welcome further explanation of actions taken during 2025 to promote uptake, including whether this has resulted in measurable increase in reach.

Ceri Davies noted that while NRW can issue warnings, it is important that communities at risk understand how to respond effectively. She told us, “We can warn and warn, but what we need is then a response,...there's clearly a piece of work that we need to do with communities at risk to ensure that they act on the alert, not wait for the warning”. We would be interested to hear whether NRW has any near-term plans to undertake such work, including working with communities at risk to strengthen understanding.

Protected sites

We were disappointed by the findings of Audit Wales’ report, [Protecting Nature for Future Generations?](#) (November 2025), which concluded that NRW has made limited progress developing its strategic approach to enlarging and better connecting the series of SSSIs. The report highlighted staff capacity constraints, data gaps, and fragmented digital systems as barriers to progress. In acknowledging these findings, Ceri Davies told us NRW had “taken [its] eye off the ball” in relation to the importance of SSSI designation. We would be grateful for a detailed explanation of how NRW intends to use the report’s conclusions to “drive improvements” across this area of work.

We welcome the additional funding allocated for 2025-26 to improve protected sites and support the development of new Naturfa sites (Other Effective Area-Based Conservation Measures). It is essential that this funding is used effectively to improve SSSI designation and management, particularly in light of Audit Wales’ report.

We discussed how NRW is preparing for the introduction of statutory biodiversity targets (under the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill). As highlighted in our [report of the Bill](#), without sound data the targets will be of limited value in tackling the nature emergency. We would therefore be grateful for further detail on the steps NRW is taking to increase biodiversity monitoring capacity and capability ahead of the introduction of the targets, including any assessment it has made of investment need.

Tree-planting and timber production

We note that NRW is currently “refreshing and reviewing” its commercial strategy in light of the Welsh Government’s recent Timber Industrial Strategy, with a new strategy expected in summer 2026.

You emphasised the significant potential to increase the use of home-grown timber, particularly to support the construction of low-carbon buildings. You indicated that you are keen to engage with developers and house builders to explore these opportunities. We would welcome further details of how you plan to take this forward.

Ceri Davies informed us that NRW is meeting its restocking targets and is making “good progress” on its woodland creation programme on the Welsh Government Woodland Estate. She also highlighted NRW’s role in supporting the Welsh Government’s Woodland Creation Planning Scheme, Woodland Restoration Scheme and Sustainable Framing Scheme.

The Committee has previously raised concerns about the lack of progress on tree-planting. A step-change is required if the Welsh Government is to meet its tree-planting target and realise its ambitions for timber production. We expect our successor committee will wish to pursue this matter during the Seventh Senedd.