

Natural Resources Wales Annual Scrutiny 2017 by the Climate Change, Environment and Rural Affairs Committee.

Briefing on key issues and progress made since November 2016.

Contents

1.	Introduction	1
2.	Remit letter	2
3.	Voluntary Severance Scheme	2
4.	Corporate Plan and Business Plan	3
5.	Staff survey	4
6.	Self-policing	4
7.	Grants and Funding Programmes	5
8.	Financial position and savings	6
9.	Implementation of legislation	9
10.	Wales Audit Office	12
11.	Brexit	13

1. Introduction

Natural Resources Wales' (NRW) purpose is to pursue sustainable management of natural resources. We embed the principles of sustainable management of natural resources throughout the way we work, and by applying these principles we maximise our contribution to the Well-being of Future Generations (Wales) Act Goals.

Our Benefits report¹, and the Wales Audit Office (WAO) value-for-money report², have both demonstrated that we have managed the first years well. The WAO report recognised that “*NRW’s successful creation involved significant challenges*”. Indeed, we continue to face increasing challenges: our Grant in Aid funding has been reduced significantly, we have absorbed new duties and responsibilities, and our people have experienced sustained change and uncertainty during this period. It is testament to the commitment and hard work of our staff that we have continued to deliver on our duties to a very high standard despite these pressures.

We are on track to deliver the benefits outlined in the original business case. However, we are concerned about our ability to fully capitalise on the opportunities presented by the new legislative framework, and to sustain our services at current levels, if our Grant in Aid funding continues to reduce. We would also be able to plan and manage our business far

¹ [“Creation of Natural Resources Wales – realising the Business Case benefits”](#). Natural Resources Wales. July 2017.

² [“The development of Natural Resources Wales”](#). Wales Audit Office. February 2016. Retrieved 9 October 2017.

more effectively if we were given multi-year budgets, rather than the annual budgets we have received in recent years.

We welcome the opportunity to present to the Committee during its annual scrutiny of NRW.

2. Remit letter

A summary of the actions taken to deliver the priorities set out in NRW's 2016-17 remit letter.

A summary of actions based on the 2016-17 priorities can be viewed in [Annex 1](#) (page 14).

A summary of actions you have put in place to deliver the priorities set out in 2017-18 remit letter.

A summary of actions based on the 2017-18 priorities can be viewed in [Annex 2](#) (page 16).

3. Voluntary Severance Scheme

An update on any voluntary severance scheme implemented since annual scrutiny in 2016, including numbers of staff that have taken up the scheme and the total cost to date.

We have not run any additional voluntary exit schemes since the 2016-17 Invest-to-Save application.

We have however implemented two new policies which help us manage our resources and costs:

- Redeployment & Redundancy (R&R) policy and procedure;
- An individual voluntary exit scheme (IVES)

These new policies were implemented in June 2016.

We recognise the importance of maintaining and improving our efficiency as a business, while seeking to safeguard security of employment for our employees. The R&R policy and associated procedure sets out how we will support staff whose posts are no longer required, whose role ends or who are confirmed as 'At Risk' following a Change Programme, on completion of a time limited role, career break or secondment. Affected staff are supported to find alternative roles either within NRW, or elsewhere in the Civil Service or Welsh Public Service through a period of redeployment activity. To date we have exited one employee through voluntary redundancy as part of our R&R policy.

The IVES policy and procedure provides a process to be followed where staff may be interested in leaving NRW on voluntary exit terms but through an individual business case. The procedure provides a framework to follow so that all parties involved in this process are clear on the actions required and the basis on which individual applications may be

approved. All such applications will be subject to approval of a business case in accordance with the compliance and delegations published. No exits have been agreed at this time through IVES.

We are considering running a further VES later in 2018-19. The scope and scale of the scheme is yet to be determined.

4. Corporate Plan and Business Plan

Details of the development process the next Corporate Plan for the body, including an outline of expected priorities and details of how these differ from the current 2014-17 plan.

Our new Corporate Plan runs from 2017-22. It differs from our previous Corporate Plan in that it takes on board new legislation – the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016, and is built around our new Well-being Objectives.

The Plan has been developed over the last several months through collaboration with staff and stakeholders.

We:

- ran a number of sessions with our Executive Team and Board Members,
- held external engagement events with stakeholders (these also included a number of staff members with specific areas of expertise to help facilitate discussion),
- will share the Corporate Plan with all our staff for comments before it is finalised.

Our priorities will be to develop our organisation and change how we work – adopting the sustainable management of natural resources and its associated principles and the five ways of working from the Well-being of Future Generations (Wales) Act - working in a much more integrated way with other public bodies and collaborating closely with partners in the Public Services Boards for example

A summary of the body's performance against both the 2016-17 Business Plan and the 2017-18 Business Plan (performance to date), including the latest corporate dashboard performance report.

Our Performance Framework 2016-17 and Performance Framework 2017-18 to date are below. The 2016-17 framework tracks indicators and measures, showing progress against the Corporate Plan, Business Plan and Remit Letter. While the 2017-18 framework tracks measures and progress against Business Plan and Remit Letter until our new Corporate Plan is finalised later this year.

2016-17 Final Dashboard [Performance Framework Dashboard Period 3 2016-17](#)

2017-18 Dashboard to Date [Performance Framework Dashboard Period 1 2017-18](#)

5. Staff Survey

An update on the NRW staff survey, including the results of the 2017 survey.

Our second People Survey³, conducted in April 2016, gave us invaluable information to inform our People and Teams strategy, leadership development and other change and development in our organisation. In preparing for our third survey, we wanted to gain greater narrative and deeper perspectives on how our people are feeling and what else we need to focus on to improve things.

We have decided to pilot an approach, developed in Bangor University at the Cynefin Centre, called SenseMaker, Cognitive Edge. This is an approach used across the world as a community and people engagement tool and more specifically, in many not-for-profit and public sector organisations in Wales including the WAO.

There will be an element of comparison with our second people survey, and we may return to the Civil Service questionnaire in the future. However, for our third survey, we want to gain more qualitative data to inform where things are going well and what we still need to change. The survey is due to go live in January 2018.

We have a full engagement plan to ensure we optimise the value of the feedback we receive, involving everyone in making NRW a better place to work, making even more of a difference in Wales.

6. Self-policing

A summary of any enforcement or self-policing action the body has taken against itself in the last 12 months.

We publish a record of all our self-permitting decisions⁴ on the website each month.

There were 93 self-permitting decisions between 1 September 2016 and 31 August 2017, and were a mixture of abstraction licences, marine licences, flood risk activity permits, Sites of Special Scientific Interest assents and herbicide authorisations.

Water Abstraction licences are issued by the Water Resource Permitting Team and their permitting process and legislation requires the submission of our decision documents to Welsh Government for scrutiny and the option to 'call in'. Welsh Government officials have been consistently satisfied with our determination of the applications. Once we receive Welsh Government officials' response, they are sent to the Executive Director for Evidence, Policy and Permitting for approval i.e. the Team Leader does not sign them off which is the process and level of delegation for non-NRW applications.

³ "[People Survey 2016](#)". Natural Resources Wales. Retrieved 9 October 2017.

⁴ "[Our self-permitting decisions](#)". Natural Resources Wales. Retrieved 9 October 2017.

Investigation of compliance

The NRW Environmental Management System (EMS) is certified to the ISO14001:2015 environmental standard. As part of the EMS we have a procedure relating to the investigation, reporting and review of environmental incidents.

- During the period 1 April 2016 to 31 March 2017, 10 environmental incidents relating to our work (or our contractors) were reported and reviewed (in 2015/16, 18 incidents were reported).
- Of the 10 environmental incidents, one was caused by a contractor working on our behalf.
- None of the incident reports were classed as serious according to the incident classification scheme that we use for environmental incidents.

7. Grants and Funding Programmes

An update on grants and partnership funding programmes.

The current competitive grant rounds (awarded in 2015 and 2016) and the Joint Working Partnerships (awarded in 2015) are all coming to an end in March 2018.

Below is a summary of the money allocated to the two grant rounds and the amount paid out to date:

Table 1

Round	Allocation	Paid to date
Competitive 2015	£1,703,396	£4,740,812
Joint Working Partnership 2015	£3,309,131	
Total of 2015 rounds	£5,012,527	£4,740,812
Competitive 2016	£510,392	£113,738
Totals	£5,522,919	£4,854,550

In response to the WAO report⁵ recommendations and in line with the requirements of the Welsh Government's new ways of working set out in the Well-being of Future Generations (Wales) Act 2015 and Environment (Wales) Act 2016, a new approach to partnership funding has been developed over the last year. It follows a Commissioning with Collaboration and Co-production Model⁶, and was endorsed by the NRW Board in May 2017⁷.

This new approach encourages the development of collaborative and, where appropriate, co-produced projects with a clear focus on the evidenced needs at local Area Statement level. As the Area Statements themselves are not due for completion until December 2019, we've decided to run an open call for an interim grant round, using local commissioning plans to identify preliminary challenges for which external stakeholders are invited to put forward solutions.

⁵ ["The development of Natural Resources Wales"](#). Wales Audit Office. February 2016. Retrieved 9 October 2017.

⁶ ["Commissioning with Collaboration and Co-production Model"](#). Natural Resources Wales. Retrieved 9 October 2017.

⁷ ["Minutes of the NRW Board meeting, May 2017"](#). Natural Resources Wales. May 2017. Retrieved 9 October 2017.

As this way of working is new and as this call will only offer grants for up to 18 months, it will be used as a pilot to explore how we secure a more place-based method that integrates environmental and well-being objectives in a holistic way. The next open call will then start once the Area Statements have been published, and will be for up to four years.

8. Financial position and savings

The latest financial position of the body.

Financial Year 2017-18

Revenue Budget

In 2017-18, we received a standstill Grant in Aid allocation from Welsh Government which compared to a 7% (£6m) reduction in 2016-17. We also have inflationary and pay pressures as well. To help, we have continued to realise reductions in our operating costs as we reduce the dependency on our legacy bodies. This allowed us to stabilise our budgets and not make any further budget reductions after making cuts in 2016-17.

The most significant cost pressure to emerge in 2017-18 is the impact of implementing the Job Evaluation scheme, with immediate and future cost implications. The immediate cost pressure is being managed by making opportunistic savings in budgets and our positive income position.

Since NRW was created, Welsh Government has provided additional in-year funding to support us taking on new responsibilities, transformation and dealing with emergency situations such as dealing with tree health problems (see Table 2).

Our current financial position⁸ was reported to the NRW Board in September 2017.

In summary, the overall financial position for 2017-18 at the end of August is positive; income is ahead of budget and expenditure is being managed below budget.

Capital Budget

Our biggest capital programme is for flood risk management. Currently, we spend between £15m and £20m per annum and the total is £19m this financial year. We are on course to complete three major schemes in 2018 at Crindau Pill (Newport), St Asaph and Roath (Cardiff).

Our baseline Grant in Aid is significantly below that level (an estimated £10m of the total £17m next financial year). Funding has been supplemented in recent years by European funding, Wales Infrastructure and Improvement Plan and additional allocations from Welsh Government.

We also receive a much smaller allocation for non-flood works – usually £0.8m plus another £0.9m for Wales Coast Path improvements. In 2017-18 we received an additional £2m which allowed us to begin a tree clearance scheme in north Wales which addresses

⁸ ["Finance Report – 2017-18"](#). NRW Board Paper. 20 September 2017. Retrieved 9 October 2017.

serious risks - Welsh Government has confirmed additional funding for this scheme for next year as well.

Financial Year 2018-19 and beyond

We await confirmation of our indicative Grant in Aid allocations for the next two financial years. Due to recent changes in legislation and policy and anticipated financial pressures in the coming years, we have taken the decision to re-design the organisation with less staff than we have now. We expect our change programme to be complete by 1 April 2019 and should realise £10m in savings per annum in both staff and non-staff related costs.

We recently wrote to the Cabinet Secretary advising them of the impact of reducing our Grant in Aid for the next two years. If we were cut by a further 5% per annum it will have meant a 'real' terms reduction of 35% for non-flood and 20% for flood since we were created.

We are also determined to be an efficient and effective regulator and we have maintained our charges and fees at or significantly below the levels in real terms that our predecessor body raised in 2012-13. Again, for 2018-19, we will be maintaining charges at the same 'cash' levels as 2017-18.

For our commercial activities, we will be implementing our Enterprise Plan, which will ensure that we optimise our commercial opportunities and activities to support the sustainable management and use of natural resources.

Details of any cases made to Welsh Government for additional funding over and above your budgeted financial allocation for both 2016-17 and 2017-18 to address pressures and new responsibilities.

Additional Funding

Additional Grant in Aid allocated by the Welsh Government for use in 2016-17 and 2017-18 was as follows:

Table 2

Funding allocated for:	2016-17 £m	2017-18 £m
Flood Risk Management Capital Programme	3.5	4.0
Tree health	3.5	3.5
New legislation, responsibilities and services	2.9	1.8
Flood Risk Management Revenue	0.8	1.5
Welsh Government policy priorities (waste crime in 2016-17 and marine, waste and river basin priorities in 2017-18)	0.2	0.3
Regulated activities not recovered through charges	0.4	0.4
Organisational change (Internal Drainage Districts pension deficit in 2015-16 and match funding for Voluntary Exit Scheme in 2016-17)	1.0	0.0
Metal Mines Remediation	0.0	3.3
Emergency Tree Felling Scheme	0.0	0.4
Total	12.3	15.2

The latest information on the cash and non-cash realisable savings achieved by the body, including details of the costs and benefits realised by the organisation since it was established, the future forecast of costs and benefits and any reasons for deviation from those anticipated.

The latest Business Case position

Our Audit Risk and Assurance Committee (ARAC) has signed off the benefits realisation tracking report⁹ for the Business Case¹⁰ which justified the establishment of NRW as a single environmental body in Wales.

Comparison of Original Business Case, Revised Welsh Government Target and Current forecast of the position by the end of Year 10 (2022-23)

Table 3

all figures in £m	Original Business Case	Welsh Government Revised Target	Final position forecast at 31 March 2017
Cash Benefits	127	127	141
Costs	-69	-66	-78
Net	59	61	63
Net Present Value	42	41	44

The document reports on the benefits realised from the creation of NRW. It compares actual benefits with the Welsh Government’s 2011 Business Case that identified ways in which a new organisation would achieve better outcomes, better delivery for Wales and better value for money.

This benefits report follows the WAO report, “The development of Natural Resources Wales”¹¹, which concluded “NRW adopted a sound and well-structured approach to meeting the significant challenges presented by its creation, ensuring continuity in delivering its wide range of functions and with a clear focus on achieving the intended benefits”. It also noted that “NRW had made good progress towards achieving the financial savings intended from its creation” and “had learned from progress made and challenges faced”.

Since the WAO’s report, we have maintained our core functions and made significant steps in fulfilling our new purposes, for example publishing the State of Natural Resources Report, being active partners on Public Service Boards, and adopting new collaborative ways of working in the lead up to preparing Area Statements.

We have established NRW as a standalone, integrated organisation that has started to deliver better outcomes. Although there is still a lot of work to fully realise NRW’s potential, we have already delivered all the changes necessary to achieve the qualitative and quantitative benefits required by the Business Case.

⁹ [“Creation of Natural Resources Wales – realising the Business Case benefits”](#). Natural Resources Wales. July 2017.

¹⁰ [“Single Environment Body in Wales Business Case”](#). Welsh Government. 29 November 2011. Retrieved 9 October 2017.

¹¹ [“The development of Natural Resources Wales”](#). Wales Audit Office. February 2016. Retrieved 9 October 2017.

By the end of March 2017, we had made changes that will accumulate £141m of cash realisable benefits by 2022-23, compared with the £127m Business Case target. A further set of productivity improvements in place by the end of March 2017 will accumulate £30m of non-cash realisable benefits by 2022-23, compared with the £31m Business Case target. The total of £171m combined cash and non-cash realisable benefit compares with the Business Case's target of £158m.

Although the actual cost of creating NRW was £78m instead of the Business Case estimate of £69m, the extra cost is more than offset by the extra £14m of cash-realisable benefit.

This has been achieved against a backdrop of decreasing Grant in Aid for NRW from Welsh Government, and the benefits realised have helped to mitigate the impact of the reduction in funding.

9. Implementation of legislation

An update on the cost of delivering NRW's functions under both the Environment (Wales) Act 2016 and the Well-being of Future Generations (Wales) Act 2015, including any financial pressures.

Natural Resources Management Transformation Programme

One of the strategic objectives of the Natural Resources Management (NRM) Transformation Programme is to develop tools and guidance to meet the requirements of the new legislation set out in the Well-being of Future Generations (Wales) Act 2015 and the Part One of the Environment (Wales) Act 2016. Our intention is to develop tools, guidance and evidence in an integrated and streamlined way to minimise costs and duplication.

Hence the projects across the NRM Transformation Programme integrate where appropriate the requirements of the Well-being of Future Generations (Wales) Act and Environment (Wales) Act. Key projects are included such as:

- The provision of evidence to inform the development of well-being plans by public service boards.
- Development of tools and guidance to inform the development of the first cycle of area statements.

As well as projects which will develop guidance for new duties in Part One of the Environment Act such as:

- Use of exploratory powers.
- Payments for Ecosystem Services (PES) schemes.

Also included are projects which will facilitate the embedding of NRM and the new ways of working required under legislation, such as:

- Training.
- External funding.

We have received additional monies from Welsh Government to support the changes required under the new legislation. We received £0.8m for 2016-17 and £1.4m for 2017-18. We are in the process of finalising our bid for 2018-19. These figures represent two-thirds of the cost we have estimated for meeting the requirements of the legislation. We have not sought recompense for the costs incurred against the Well-being of Future Generations (Wales) Act, these costs will be absorbed by NRW. For the costs incurred against the Environment (Wales) Act, we accept that a portion of these costs would have been incurred as a result of the bringing together of the three legacy organisations.

Given the broader financial pressures which the organisation is operating under, a longer term financial settlement to reflect the costs associated with the new legislation, rather than an annual bid which is agreed at the start of the new financial year, would allow us to plan our resources and finances in a more sustainable long-term basis.

An update on progress to date in delivering NRW's functions under these Acts.

Area Statements

We have made a commitment that Area Statements will form a central part of our operational planning process. Our Board has agreed that we should focus the first area statements around our six operational areas plus the marine area so that we can prioritise our own resources, and take a more place-based approach.

The Natural Resources Policy was published in late August 2017 by Welsh Government. This is the second of the three key products to emerge from the Environment (Wales) Act – building on the SoNaRR produced by NRW – and now enables the task of development of Area Statements (to help implement the policy) to begin.

Three national themes are identified in the Natural Resources Policy. These are:

- Delivering nature-based solutions - working more effectively with nature to tackle our big challenges. This in particular reflects the conclusions drawn in our SoNaRR;
- Increasing renewable energy and resource efficiency – and setting out a clear pathway for investment in these areas; and
- Taking a place-based approach – to respond to local needs and opportunities.

Since the three priority areas are so high level, in the time since publication of the Natural Resources Policy we have been talking to Welsh Government about how to now turn the policy into implementation.

We plan to develop some National Spatial Priorities that reflect some of the key opportunities in the Natural Resources Policy – this will help to frame our work on Area Statements at a national level. This could bring together existing spatial evidence on opportunities to deliver nature based solutions, for example (not exclusively):

- Opportunities to maintain Wales' productive capacity; for crops, livestock, fish, timber and natural fluxes of energy.
- Opportunities for supporting health outcomes, including in relation to air and noise pollution through to conditions associated with physical inactivity.
- Opportunities for hazard protection, particularly in relation to the impacts of flooding and climate change, etc.

These are still early discussion and we'll be providing more information in the coming months to confirm what will happen next and the opportunities for stakeholders to be involved.

We are preparing tools to inform the assessment of sustainable management of natural resources to feed into the preparation of Area Statements and future SoNaRRs. Both spatial and economic models are under development.

Embedding Sustainable Management of Natural Resources (SMNR) across the Organisation

We have developed the SMNR Development Framework for our staff, in line with the "level" approach recommended by the Qualifications and Credit Framework. The framework will reward professional development and potentially enable other organisations to embed the principles of SMNR through applying the standard.

In spring 2017, we trialled the level 1 & 2 course with staff. Using feedback we finalised the level 1 & 2 course, which we are in the process of rolling out to all staff across the organisation. 546 staff have enrolled in 19 courses in the period up to Christmas 2017. Full roll out will be complete by summer 2018.

Through the development of the well-being statement and corporate plan we have taken the opportunity to raise understanding with staff and partners of our purpose, and how it changes the way we work as an organisation. Our representatives on Public Service Boards have taken the opportunity to talk about the contribution that natural resources make to the well-being of that place. Our staff have also provided tailored presentations to each Public Service Board on the priorities and opportunities falling out of SoNaRR.

In July 2017, our Board strongly endorsed a paper¹² presenting a narrative around what a Welsh funding framework to deliver SMNR might look like. The paper recognised all the funding streams that contribute to the delivery of SMNR, via grants from different bodies/organisations, and charging schemes through to alternative funding mechanisms such as PES. The narrative also considers more specifically what we may do to align our future charging scheme more strongly with the SMNR purpose and ways of working.

We have defined the roles that we may play within the PES arena, presenting to and gaining endorsement from our Board. The defined roles will ensure that we support stakeholders to develop new opportunities in a consistent way and in a manner that helps to deliver SMNR objectives. More particularly we have undertaken detailed work, which we refer to as the "Green Market Place", into identifying the opportunities for PES in Wales and what may be needed to develop it. This work has identified a range of opportunities that we continue to explore with Welsh Government officials.

Meeting the needs of the new legislation has been a key driver of organisation design. We are committed to being a placed based organisation, working closely with the people and communities we serve. Our new leadership team lead engagement at each Public Service Board and will lead the preparation of Area Statements. The new governance arrangements that will be introduced, will require all parts of the organisation to maximise the contribution to the well-being goals through delivery of our purpose.

¹² ["Funding Sustainable Management of Natural Resources"](#). NRW Board Paper. 13 July 2017.

10. Wales Audit Office

An update on progress made to implement the recommendations in the Auditor General for Wales' February 2016 report The Development of Natural Resources Wales.

We have one action still outstanding - a recent response from the Cabinet Secretary for Environment and Rural Affairs in October 2017 indicated that benefits need to be reported till the end of our first 10-year period. We are now looking at how best to do that. A more detailed summary of progress is available in [Annex 3](#) (page 23).

Key achievements since the 2016 scrutiny session include:

- Publication of our first Well-being Statement.
- Finalised 2016-17 reporting against the NRW Business Case.
- Three more accommodation moves completed.
- Established new commissioning approach to Grants and Partnership funding.

Details of the actions taken by the body following the Assembly's Public Accounts Committee report Natural Resources Wales: Scrutiny of Annual Report and Accounts 2015-16.

Following the Public Accounts Committee's (PAC) scrutiny of NRW's Annual Report and Accounts 2015/16, three recommendations were made to address our governance arrangements. Below is a summary of progress to date. A full summary will be submitted to the PAC in November 2017.

PAC Recommendation 1: We recommend that Natural Resources Wales undertake a full evaluation of its governance arrangements relating to contracting processes, clearly setting out lessons learned with specific reference to timber sales contracts referred to in this report.

- Two governance reviews are currently ongoing
 - process mapping of our decision-making rules and documentation required relating to the evaluation, negotiation and awarding of contracts and other external commitments
 - Implementing a Single Tender Action process to cover our Timber Sales
- Governance arrangements, including escalation, regarding contract amendments e.g. to duration or quantity have been built in to our Timber Management Platform.
- Our new Enterprise Plan, approved July 2017, sets out our approach to Commercial Services, a significant area of our work that involves sales contracts. A Commercial Activity Policy Project has been set up to establish governance arrangements and scrutiny of current and future activities under our new Enterprise Portfolio.

PAC Recommendation 2: We recommend Natural Resources Wales review its delegation arrangements alongside its awareness raising of State Aid law, public law and the processes for awarding contracts. We recommend the findings of this evaluation are shared with the Public Accounts Committee to enable this Committee to monitor implementation and progress against identified changes.

- Financial and Non-Financial Schemes of Delegation have been reviewed

- Additional broader examples of novel, contentious and repercussive issues will be added to both schemes.
- A full review of the Financial and Non-Financial Scheme of Delegation is planned for 2018 to align with major organisational structural changes currently being developed.
- Training Programme rolled out to Grants and Partnerships, New Enterprises, Future Regulations and Procurement teams.
 - State Aid Training completed in October 2017
 - Public Law Training to follow before end of 2017.
- PAC Response to be sent in November 2017.

PAC Recommendation 3: We recommend that Natural Resources Wales review its internal governance arrangements to ensure that its accounting officer, Executive Team and Board should have a much greater role in scrutinising contracting processes and the awarding of contracts. It is imperative that these processes are robust with a clear and demonstrable audit trail that decisions have been taken on a fair and sound basis.

- Board and sub-committee Terms of Responsibility reviewed summer 2017.
- Board Forward Look introduced to summarise and plan scope and range of their work.
- Meeting documentation and templates have been updated and will be available to all staff November 2017.

11. Brexit

An update on the implications of Brexit for NRW, and an overview of work undertaken by the body to prepare for Brexit.

The NRW Board considered the implications of Brexit¹³ on 23 March 2017. This presents both risks and opportunities from an environmental perspective. On the one hand, it creates significant uncertainties about the regulatory framework, the approach to compliance with current environmental obligations and the level of funding available to support natural resource management. Set against these concerns is the potential to devise “Made in Wales” solutions which no longer require lengthy negotiations with the European Commission and other Member States prior to implementation.

We are represented on the Cabinet Secretary for Environment and Rural Affairs’ roundtable meetings which advise the Welsh Government on the policy and legislative implications of leaving the EU. The roundtable is supported by a further seven Welsh Government working groups and our staff have been participating in each of these since their inception, supported by regular meetings of an internal steering group on Brexit. This involves specialist staff from across all parts of the organisation and is chaired by our Head of Natural Resource Management.

As part of the process of horizon scanning, we’re continuing to discuss Brexit related issues with our sister organisations in the rest of the UK. Regular networking meetings take place at a variety of levels (from the Chief Executive to relevant specialist staff) and

¹³ [“The implications of Brexit for natural resource management and for NRW”](#). NRW Board Paper. 23 March 2017.

Brexit is a standing item on most agendas. We also contributed to a recent inter-agency project on the land management implications of Brexit¹⁴.

Annex 1

A summary of the actions taken to deliver the priorities set out in NRW's 2016-17 remit letter.

- 1. Work closely with Welsh Government in developing your approach to implementing Environment (Wales) Act 2016, including Area Statements and the State of Natural Resources Report (SoNaRR) which will inform both the priorities and the risks and opportunities for the sustainable management of natural resources for NRW and the National Natural Resources Policy, and the Future Trends Report and work of the Commissioner under the Well-being legislation.**

We are working closely with Welsh Government in developing our new Corporate Plan and ensuring our duties under the Environment (Wales) Act are being met. Our work on Area Statements continues to progress and remains on track to be completed December 2019. Similarly our first SoNaRR report was published in September 2016 and work is already underway on the second SoNaRR, due to be published in 2020.

The whole emphasis of the Corporate Plan is to maximise the contribution the natural environment can make to the Well-being Goals for the people of Wales, while managing our natural resources sustainably so they can continue to be used by future generations

- 2. Be an active partner in public service boards, demonstrating the contribution resources to delivering well-being and working collaboratively to maximise local well-being.**

We have played our part in the establishment of the new Public Services Boards across Wales and recognise our unique position of being the only statutory member to sit on each Public Services Board. We provided significant evidence on natural resources and local environment as part of Public Services Boards first Well-being Assessments.

- 3. Establish an enterprise plan within your Governance Framework with milestones for income generation that exemplify sustainable management of natural resources, working with partners and communities.**

An Enterprise sub-group of the NRW Board provided oversight of the development of the Enterprise Plan which was approved by the NRW Board in July 2017. The plan sets out the relationship between our commercial activities and the sustainable management of natural resources and defines a set of commercial principles that we will follow.

- 4. Identify opportunities to support community development and enterprise through volunteering and continued support for the Lift programme.**

The Lift programme has been delivered through the work placement strand of our Cyfle Placement Scheme. We've had two successful 10 week placements in north Wales where they gained lots of valuable experience whilst working with us. We hope the opportunity to

¹⁴ [Potential Implications of leaving the EU for UK agriculture and the rural environment.](#), Institute for European Environmental Policy. 31 August 2017.

gain new skills will put individuals in a better position to find employment and help to prevent longer term poverty in Wales and we will continue to support the Lift Scheme.

5. Commence construction on the priority Wales Infrastructure Investment Programme flood risk schemes for St Asaph, Crindau (Newport) and Roath (Cardiff).

Schemes at Roath, Crindau and St Asaph are all on site and progressing on track. We forecast that St Asaph will have finished construction by the end of December 2017 and Crindau to be substantially complete by the end of March 2018, while Roath is due to be completed September 2018. These schemes will ensure a reduction in flood risk to over 1,600 properties.

6. Take action to tackle waste crime as identified in the Waste Crime Working Group and Fires at Waste Sites Action plan

Our regulatory and enforcement officers have received training on enforcement investigations and investigating illegal waste activities. We have become a sponsor of the “Right Waste Right Place campaign” to increase awareness of the waste duty of care with businesses and landowners.

We commissioned a report on waste crime in Wales including an overview of the scale and cost of waste crime, the factors leading to it and recommendations for tackling it. We produced an evidence based list of high fire risk sites to ensure that we target our work at those sites that pose the greatest risk. This list is periodically updated and has been shared with the Fire and Rescue Services so that they are aware of high risk sites in their service areas.

We have provided internal and external training on fire prevention and mitigation at waste sites and we have seconded three members of staff from the Fire and Rescue Services to support our officers at high risk fire sites.

7. As part of the Welsh Revenue Authority (WRA) Implementation Programme, explore delivery options for Landfill Disposals Tax (LDT) compliance and enforcement functions, in the context of Tax Collection and Management (Wales) Bill and LDT Bill provisions.

We have been working closely with Welsh Government and those developing the WRA. We gave evidence¹⁵ to the Welsh Assembly Finance Committee¹⁶ for the LDT (Wales) Bill on 19 January 2017 which set out progress. One of our senior managers attends the WRA Implementation Programme Board. Both Bills were enacted in 2017.

8. Provide timely and joined up advice to Welsh Government on the implementation of EU and domestic regulations and in support of infraction casework, including helping to develop the approach to implementation of the new EU Invasive Alien Species Regulation.

¹⁵ [“Natural Resources Wales response to: National Assembly Wales’ call for evidence on the Landfill Disposals Tax \(Wales\) Bill”](#). 19 January 2017. National Assembly for Wales. Retrieved 12 October 2017.

¹⁶ [“Finance Committee agenda and papers”](#). 19 January 2017. National Assembly for Wales. Retrieved 12 October 2017.

The Wales INNS Programme, established in 2016, has supported Welsh Government by providing advice on the EU Invasive Alien Species Regulations 2014 to meet Wales' obligations under these regulations. The adoption of the forthcoming related Invasive Alien Species (Enforcement & Permitting) Regulations that will give us powers as a regulator has been delayed until 2018.

We are awaiting further consultation with Defra to progress. Advice and support has been provided to Welsh Government to develop a framework for implementation of powers to issue Species Control Provisions by NRW and Welsh ministers under amendments to the Wildlife and Countryside Act 1981 by the Infrastructure Act 2015.

9. Work with Welsh Government to develop and implement the Marine Transition Programme, Marine and Fisheries Strategic Action Plan

We have submitted initial advice to Welsh Government on a risk-based and proportionate approach to consenting via the Wales National Marine Plan. We are providing ongoing advice and liaison to develop an approach to area statements in the marine environment and relationship to marine planning, including meetings with Welsh Government Marine and Natural Resource Management teams and internal liaison in NRW.

10. Work with Welsh Government and Partners on developing a common evidence base, engaging together with Higher Education/the research community and innovating in the collection and sharing of data

We continue to contribute the greatest number of datasets to the Welsh Government Information Hub (Lle). As of April 2017, we contributed 56% of total datasets and our datasets create the most user activity (searches and downloads) on the portal. By working closely with Welsh Government and seeking to automate data uploads where we can, the service also costs significantly less to run and requires less administration. At our suggestion, Welsh Government is developing future developments for Lle to improve the customer experience, provide greater availability and create further efficiencies in administration.

Annex 2

A summary of actions you have put in place to deliver the priorities set out in 2017-18 remit letter.

- 1. In the clear policy context set by "Taking Wales Forward", the associated Welsh Government Well-being objectives and the publication of the Welsh Government's Natural Resources Policy, NRW should publish its Corporate Plan 2017-18 / 2021-22 during late summer early Autumn of 2017, detailing the associated well-being objectives. This should set out how NRW will work to deliver the new policy and legislative framework, demonstrating the ways in which the priorities and policies contained within the Natural Resources Policy are being integrated into the approach of delivery within NRW and providing a compelling and empowering vision for staff and stakeholders.**

Our new Corporate Plan for the next five years is currently being developed, it responds to the Programme for Government - Taking Wales Forward, the national strategy - Prosperity

for All, the National Resources Policy and the new legislation and new policy derived from it, including the development of our Well-being Objectives. We will ensure that all these strategies and policies are fully considered in the Corporate Plan, due to be published in January 2018.

2. Begin to develop work locally towards the production of area statements, working closely with Welsh Government and Public Service Boards, together with local and national stakeholders to identify and deliver local opportunities and benefits in line with the priorities set by the Natural Resources Policy.

The operational teams leading on the development of Area Statements are beginning to gather a range of evidence around the natural resources in their place, the key stakeholders and active groups. We have focused a lot of initial energy in supporting the development of local Well-being Plans through the Public Services Boards. This has included providing evidence and data packs for every Public Services Board in Wales and offering support with drawing together elements of the Assessments of local well-being. These assessments, along with the response analysis, and the connections we are making with other stakeholders through this process, will be important elements to build on when developing the Area Statements.

One of the early opportunities that has been identified is to use our partnership funding to support both the development and delivery of the Area Statement process. We are proposing to fund projects in each of the areas covered by Area Statements – over time, aligned to the priorities, risks and opportunities in those places, or at an appropriate spatial scale. We will use the commissioning process over the rest of this financial year to help identify challenges that together we need to address, and identify suitable projects for funding in 2018-19.

3. Work with Welsh Government to prioritise the evidence needs identified in the State of Natural Resources Report 2016 and agree approaches as to how these may be best delivered, and develop proposals for outcome indicators to measure and monitor the extent to which the sustainable management of natural resources is being achieved across Wales at the national and local level, building on the positive outputs from the scoping of options for a future natural resources monitoring framework.

With Welsh Government, we have established an evidence task and finish group to help prioritise evidence needs for the next SoNaRR in 2020. The purpose of the group is to agree the framework and propose indicators to measure and monitor progress being made towards the Sustainable Management of Natural Resources (SMNR) in Wales and to evaluate delivery against Natural Resources Policy priorities and objectives. We're also liaising with Welsh Government about methods and approaches to assessing Sustainable Management which align with work being developed by DEFRA and the Office of National Statistics.

4. Work closely with the Welsh Government to complete the review of the role and purpose of the Welsh Government Woodland Estate in the context of the principles and objectives of SMNR.

Work has commenced on our requirement to work closely with the Welsh Government to complete the review of the role and purpose of the Welsh Government Woodland Estate

(WGWE) in the context of the principles and objectives of sustainable management of natural resources. We have had preliminary discussions with Welsh Government about the scope of the review, which will include consideration of how we can improve access to the benefits flowing from the WGWE especially to communities, and have mapped out the key legislative, strategic and policy drivers relevant to our management of the WGWE.

We have engaged with key staff internally and had discussions with our Corporate Planning team to understand how the review fits with the drafting of our new Corporate Plan. We will meet with Welsh Government to finalise the scope of work; discuss how the review will dovetail with the refresh of the Woodlands for Wales Strategy; confirm governance arrangements including the role of the Woodland Strategy Advisory Panel; and agree the outputs from the review.

5. As a Category 1 Responder, continue to work closely with the Welsh Government to ensure Ministers are provided with appropriate situation reports and briefing on emergency preparation, response and recovery in relation to high category environmental incidents as specified in NRW's Incident Categorisation Guidance.

As a Category 1 Responder:

- we continue to work closely with the Welsh Government,
- attend preparedness meetings such as Wales Resilience Forum and Wales Resilience Partnership Team,
- and provide Welsh Government with situation reports and briefings on emergency response and recovery in relation to high category environmental incidents as specified in our Incident Categorisation Guidance.

6. Improve community resilience through the priority flood risk management schemes and Flood Awareness Wales programme. Continue to build evidence on flood risk from all sources through new flood risk assessment mapping and delivering the National Flood Asset Database and a comprehensive flood forecasting and warning service.

Our flood awareness work has led to two new community flood plans being developed so far this year and 32% of the existing community flood plans maintained, this work ensures the plans are still up to date and fit for purpose should they be needed. There are 963 flood plans in place for communities and individual businesses and 265 flood plan wardens have been recruited. We have also made 4,476 people more aware and prepared for flooding through local and national engagement work.

The development of a new flood risk assessment for Wales is underway and will continue throughout the rest of this year with key products being delivered and finalised in 2018-19. Work to develop a National Flood Risk Asset database continues, it now contains information from external risk management authorities including local authorities around Wales and we are working with our other partners (Network Rail and Dŵr Cymru Welsh Water) with an aspiration to include their asset information in the near future.

The other key flood risk management activities including our ongoing services such as providing flood forecasting and warnings across Wales, our asset maintenance programmes, development and planning advice, enhancements to our flood maps and

preparation for flood risk incidents have all continued alongside our other business as usual activities.

7. Work jointly with Welsh Government to strengthen action to tackle waste crime as identified in the Waste Crime working group and Fires at Waste Sites Action Plan.

Our Fire Prevention and Mitigation Plan (FPMP) guidance for waste sites has been reviewed and rewritten considering practical firefighting experience and taking on board the findings from the live fire tests carried out by the Waste Industry Safety and Health Forum and supported by the Chief Fire Officers Association.

We published updated standard rule sets on 1 August 2017 requiring new permit applicants to have an FPMP at the point which they start operating and existing standard rules permit holders to have a FPMP in place from 1 November 2017.

These changes alone require 69 operators across Wales to have a FPMP in place. Our Permitting Team are including a condition requiring an FPMP in bespoke permits and have commenced a programme to add the requirement to existing bespoke permits that feature at the top of the high-risk fire sites list.

8. Develop enterprise activities within your Governance Framework with milestones for income generation, exemplifying the sustainable management of natural resources, and working with partners and communities, including tourism opportunities linked to the Welsh Government marketing approach for the Year of Legends in 2017 and Year of Sea in 2018.

Our Enterprise Plan explains the staged approach that will be taken to the development and implementation of the plan. We are progressing this in a way that is aligned to our Corporate Planning process. We are working with others including Welsh Government in a collaborative effort to address environmental challenges, provide multiple benefits and long-term solutions at an appropriate scale (principles of SMNR) as part of our commissioning led outward funding model.

Stage 1 is about defining the programme and the links back to Wellbeing Objectives and SMNR, this stage has been completed. Stage 2 is about establishing a clear financial baseline and a set of financial targets and performance indicators. We have defined the financial baseline for the main areas using the 16-17 year. We want to define the targets and indicators in parallel with our Corporate Planning process to ensure alignment. Stage 3 is about Governance and we have an ongoing project led by our Governance team, which ties together Enterprise activities into all the inter-related framework of controls. Stage 3 will be completed early in 18-19 but with earlier milestones.

All promoted recreation sites on NRW managed land have been uploaded to mid Wales tourism data portal for use by others (e.g. tourism businesses, Visit Wales etc.) We work with appropriate colleagues across the organisation and with stakeholders such as Visit Wales, local authorities, National Park authorities and National Trail managers to promote our recreational offer in a way that is consistent and coherent within the Wales brand.

We are supporting Visit Wales's Year of Legends. We are promoting 10 walks with legendary links¹⁷ for people to explore the landscapes which inspired some of Wales's ancient stories. Five in woodlands and National Nature Reserves, and five on the Wales Coast Path.

The Year of the Sea is the theme for Visit Wales's 2018 campaign, and will celebrate Wales' outstanding coastline.

We will celebrate the wealth of the marine environment during the Year of the Sea. Our campaign will have two elements. The first will be to promote our top 10 sites for visits – including our Skomer Marine Conservation Zone, our coastal National Nature Reserves and forest sites. The second will be to raise awareness of the wealth of wildlife in Welsh seas.

9. Continue to identify opportunities to support community development and enterprise through volunteering and continuing support for the Lift programme and continue to support community energy projects and community forests on the Welsh Government Woodland Estate, where appropriate.

Over the next 18 months, we aim to provide 30 Lift placements Wales-wide. We have also been working to develop our Cyfle scheme for various forms of 'placement' within NRW (including apprentices, students, researchers and volunteers).

Our Commercial Business Development Manager, with responsibility for developing the Energy Delivery Programme, met with Welsh Government officials and Community Energy Wales representatives in May 2017 reassuring all parties that appropriate developments in appropriate areas of the Welsh Government's Woodland Estate would be considered favourably.

To date there have been no direct approaches from community energy groups with proposals for any developments on the Welsh Government's Woodland Estate and this may be due to limiting factors such as the market place, grid costs and the risks associated with such developments. It should be noted however, that between 2010 and 2013, we actively promoted a programme of Small Scale Hydro which saw over 300 expressions of interest, leading to a small number community schemes being built. This was largely encouraged by the Feed in Tariff, which, since the establishment of NRW has since been reduced and then withdrawn.

We are currently working on how we may de-risk opportunities by taking schemes to the point of winning Planning Consent before offering these on the market. We are actively working up a cluster of five small scale hydro projects to this end.

A recent open market tender for an onshore wind development of nine turbines at Alwen Forest near Ruthin secured a commitment from the winning developer of placing the necessary community engagement phase of the project in the hands of Community Energy Wales plus a commitment to allowing up to 15% of the value of the project to be locally owned. This has given us greater confidence to strengthen the emphasis on local ownership and direct benefits to Wales in all future invitations to tender for energy developments on the Welsh Government's Woodland Estate.

¹⁷ "[Year of Legends – bring your imagination as NRW reveals its top 10](#)". Natural Resources Wales. Retrieved 11 October 2017.

We have been working with the Llais y Goedwig group to identify how we can improve the way we work with community groups wishing to use our land for community projects. We are working towards improving the Mynediad scheme to help streamline how we respond to requests. The scheme provides more scope for the voluntary sector organisations and groups to bring forward projects as we are not resourced to provide individuals with volunteering opportunities. We are working with Welsh Government through the review of the scope and purpose of the public forest estate, to better understand their aspirations for community woodlands.

10. Play a key role in implementing the Marine Plan and the delivery of its general duties and functions as part of the work under the Marine Transition Programme

We have worked closely with Welsh Government to support the development of the first Wales National Marine Plan. This has been a constructive process and enabled us to influence the development of the plan from the perspective of our regulatory and advisory roles.

We are maintaining close working arrangements with, and support for, Welsh Government as the focus of work moves towards arrangements for implementation of the Plan, including our regulatory function in the Marine. We have a forward work plan to identify and develop the guidance required to support implementation of the Plan, this will be the process for embedding SMNR in our decision making and advisory processes.

11. Identify and capitalise on opportunities to work in closer partnership with Local Authority environment teams, the Agriculture Inspectorate and other regulators to discharge your and their respective regulatory duties where they interact, for example, to address statutory nuisances or local air quality, agricultural pollution, or simply where expertise residing in one regulator may provide assistance to another.

We work closely with other regulators, stakeholders Welsh Government and local authorities sharing expertise and aiming to ensure a joined-up approach where our responsibilities overlap. More, recently through our engagement in Public Service Boards – we are aiming to identify further opportunities for collaboration and give expert advice where needed.

We recently undertook a survey to measure the quality of our advice – we attained a baseline score of 4 out of 5 for the effectiveness of our advice when responding to development plans, and a score of 3.9 out of 5 for responding to planning application consultations. This indicates that most respondents either agreed, or strongly agreed that our advice had an impact on their decision making.

12. Continue to support the Fly-tipping Action Wales programme by working with Local Authorities and others to enable the delivery of the Welsh Government's fly-tipping Strategy. This would include the sharing of intelligence, maintaining communications with stakeholders and continuing to tackle large-scale illegal dumping of waste, as defined in the Fly-tipping Protocol. These actions would support the Welsh Government's strategic aim of a Wales which is "free from the unacceptable social, economic and environmental harm caused by fly-tipping".

Provide support and advice to Local Authorities when undertaking their duty to address contaminated land.

Waste Data Flow statistics show that there has been a 42% decrease in the number of fly-tipping incidents dealt with by local authorities since the Fly-tipping Action Wales initiative began in 2007-08, resulting in a 40% decrease in the cost of clearing up fly-tipping. However, there was still around 36,000 recorded incidents in Wales last year, clearly there is more work to be done to achieve the aims of the strategy.

Key elements of our work in 2017-18 will include:

- Deliver educational messages in a sustainable manner to schools and colleges in Wales through existing educational providers.
- Further research to establish a sound evidence base to better understand how Wales can continue to lead the way in tackling fly-tipping.
- Deliver place based, evidence and intelligence led projects. Focusing on co-delivery, shared objectives and sustainable outcomes.
- Targeted intelligence led education and awareness campaigns via broadcast and social media (including schools and colleges) in communities where the need is the greatest.
- Research training options for local authority officers to include e-learning packages and an enforcement qualification.
- Continue with the Working Groups (Enforcement, Private Land and Making Fly-tipping Socially Unacceptable) to deliver the actions from the Fly-tipping Strategy.

Our Fly-tipping Action Wales team have also led on the development of a web based waste recording system and a corresponding app called FlyMapper, which allows us and our partners to record, photograph and plot fly-tipping incidents on a national map. The combination of a web-based system and a smartphone app makes reporting incidents quicker and easier than ever and interest in FlyMapper is growing, with seven local authorities currently using the software and interest from private land owners like Dŵr Cymru Welsh Water as well.

13. Continue to support the delivery of the Glastir Sustainable Land Management Scheme in accordance with the Section 83 Agreement and Rural Development contracts NRW holds with the Welsh Government.

We have developed a bespoke team to support Welsh Government with Glastir Woodland Verification. They have also assisted with main stream on farm Glastir delivery. The team has provided a successful service which has included a re-engineered process for all Woodland verification, enhanced training and guidance to our staff on a range of Glastir services and high levels of scheme delivery which has resulted in a large of area of new tree planting across Wales.

14. Take forward as part of the Welsh Revenue Authority (WRA) Implementation Programme, the delivery of Landfill Disposals Tax (LDT) compliance and enforcement functions, in the context of Tax Collection and Management (Wales) Bill and LDT Bill provisions.

We are continuing to work with Welsh Government Treasury and WRA staff to set out how we will deliver compliance operationally. A business case is being finalised, and a joint

steering group is overseeing operational decisions. We will be recruiting and setting up our systems over the next six months (October 2017 – March 2018).

15. Employ, and provide support as host, for the two members of the Wales Biodiversity Partnership Support Team.

We worked with Welsh Government and Wildlife Trust Wales to secure the long-term future of the Wales Biodiversity Partnership Support Team and looked to improve ways of working to better deliver their combined priorities and as a result the Wales Biodiversity Partnership Support team transferred to us and became permanent members of staff from April 2017.

Since then we have worked on supporting the establishment and steer of Local Nature Partnerships; providing a forum for sharing good practice, networking, direct liaison with us and Welsh Government representatives. We have started work on refreshing the Wales Biodiversity Partnership evidence gaps project, supported Wales Nature Week – an annual week of wildlife themed events across Wales, we have produced good practice documents correlating nature recovery local actions with the Well-being of Future Generations (Wales) Act Goals which we have circulated to all Public Service Board leads in Wales. We have continued Wales Biodiversity Partnership communications through email, social media etc. and are also preparing to refresh the Wales Biodiversity Partnership website.

Annex 3

Auditor General for Wales’ February 2016 report The Development of Natural Resources Wales - NRW Response Action Plan

Ref	WAO Recommendation	NRW Action	NRW Lead	Due	Update	Status
R1a	To enable NRW to undertake more robust medium-term planning, the Welsh Government (WG) should provide NRW with more certainty over future funding arrangements, particularly for the next three years, including whether additional funding will be available for the increased statutory responsibilities.	Following the Assembly election in May 2016, discuss with Welsh Government the indicative funding position for 2017-18 to 2019-20 and how WG can provide more long-term certainty.	Executive Director of Finance and Corporate Services	31/10/16	WG have provided a draft one year revenue settlement and four year capital settlement. Therefore, we still don't have certainty of funding beyond 2017-18. When the Finance Minister announced the draft budgets earlier this Autumn he said that he was hoping to provide indicative revenue budgets beyond 2017-18 after the UK Autumn Statement. We are currently using predictions made by the Institute of Fiscal Studies on Welsh Government funding to inform our planning assumptions.	Completed

Ref	WAO Recommendation	NRW Action	NRW Lead	Due	Update	Status
R1b	NRW should engage in dialogue with the Welsh Government and stakeholders to agree on the key delivery priorities for NRW over the next five years, and to manage expectations of its role and its contribution to environmental outcomes, given reduced funding.	Deliver NRW Corporate Plan 2017-2022 Engagement Plan including Welsh Government and capture feedback from all stakeholders including WG	Director of Governance	Sep 2016	In line with the Welsh Government's (WG) Natural Resources Policy we have agreed with WG that our new Corporate Plan will be published in late 2017. We published our first Well-being Statement including our well-being objectives in March 2017. These will also inform our new Corporate Plan 2017-22.	Completed
R2	NRW and the Welsh Government should agree an appropriate approach to monitoring and reporting benefits realisation in the context of the wider action that NRW is taking in response to budgetary pressures.	NRW to complete 2015/16 benefits realisation report.	Transformation Portfolio Director	31/05/17	Final Benefits Realisation Report will be completed in May 2017.	Completed
		NRW / WG sponsorship meeting to agree future requirements for benefits realisation reporting	Transformation Portfolio Director	31/05/17	We have asked WG to be able to stop formal benefits realisation reporting. Response from WG on 3 October 2017 indicates that benefits need to be reported till end of 10 year period. We are now looking at how best to do that.	Awaiting confirmation
R3a	Consider NRW's long-term accommodation needs	Continue development and implementation of NRW long term Accommodation Strategy.	Executive Director of Finance and Corporate Services	31/03/17	Accommodation needs continue to be assessed but delivery to end of March 2017 includes: <ul style="list-style-type: none"> Appointed an Accommodation Officer Focus on rationalisation of small offices/ depots, Accommodation aligned with the new NRW structure and approach to place-based delivery. E.g. Bangor office move. NRW Laboratory moved to co-location at Swansea University. 	Completed
		Complete strategic options for	Executive Director of Finance and	31/12/16	Bangor office moved completed early 2017.	Completed

Ref	WAO Recommendation	NRW Action	NRW Lead	Due	Update	Status
		South, North and Mid Wales to reflect new organisational structure and requirements.	Corporate Services		Our Mid Wales move out of our Newtown office will complete in September 2017. Strategic options established for the South Wales project to complete by December 2018.	
R3b	Make more effective use of data in order to track sites' usage, expenditure, and performance; and to assess effectiveness of the rationalisation programme.	Complete utilisation survey programme at largest sites.	Executive Director of Finance and Corporate Services	Ongoing	Utilisation surveys are used as part of ongoing accommodation needs analysis. Surveys have been completed across Wales in advance of major North and South Wales office moves mentioned above.	Completed
		Implement Agile working principles.	Executive Director of Finance and Corporate Services	31/12/16	Principles approved and in use for current and future accommodation projects.	Completed
		Implement expenditure and performance tracking for sites post rationalisation	Executive Director of Finance and Corporate Services	30/09/16	Regular meetings with Business Finance to track rationalisation savings.	Completed
R4	NRW should ensure that the approach to job evaluation is flexible enough to meet NRW's future business needs.	Review NRW generic role profiles to ensure they are fit for future business needs	Executive Director of Organisational Development and People Management	31/03/17	The scheme developed is flexible enough to support future business but will be reviewed and if necessary updated to reflect future Organisational Design needs.	Completed
R5	NRW should review its staff and stakeholder engagement activities to demonstrate value, effectiveness and alignment to organisational purpose, priorities, and the transformation programme activities and outcomes.	Implement regular feedback process for Executive Team and the NRW Board using new Communications Dashboard.	Director of External Relations and Communications	31/03/17	Quarterly Communications report for Executive Team and Board is in place. Refreshed stakeholder/sector engagement approach developed enabling Board and Executive Team strategic oversight and involvement at the same time as operational responsiveness and adaptability.	Completed
R6	NRW should monitor its use of	Continue to report regular	Executive Director of	31/03/16	Workforce related data is now regularly and	Completed

Ref	WAO Recommendation	NRW Action	NRW Lead	Due	Update	Status
	workforce-related data to ensure it is meaningful and accurate and reported appropriately through to the Executive Team and NRW Board, and to other Committees where relevant.	monthly workforce management information.	Organisational Development and People Management		accurately reported to the Executive Team and Directorates. Key metrics (e.g. well-being, health & safety) are reported to the People and Remuneration Committee and NRW Board.	
		Review use of workforce data, how it is reported and agree future reporting requirements.	Executive Director of Organisational Development and People Management	31/03/17	Improved well-being, health and safety data now regularly and accurately reported to the Executive Team and Directorates. Wider organisational change is being prioritised as this will drive workforce data requirements	Completed
R7	The Welsh Government and NRW should ensure that they set out clear guidelines on the expected role of Board members given the reduction in time, and keep under review whether the reduction in time has any impact on the effectiveness of the Board.	Agree New NRW Board terms of operation.	Director of Governance	31/03/16	The new NRW Board has agreed its 'modus operandi' including format and frequency for NRW Board meetings, Committee membership, NRW Board update sessions, NRW Board sub-groups and 'champion' roles. NRW Board documentation, including the NRW Board Handbook, has been updated to reflect these new arrangements.	Completed
		Review effectiveness of NRW Board operations	Director of Governance	31/03/17	An NRW Board effectiveness exercise, facilitated by Academi Wales was completed in Autumn 2016 with follow up actions agreed.	Completed

Ref	WAO Recommendation	NRW Action	NRW Lead	Due	Update	Status
P1	Risk Management – Embed key risk management processes	Complete actions in NRW Internal Audit Risk Management Action Plan	Director of Governance	31/03/17	Updated approach to risk management has been developed. New tools Include: Risk Appetite Statement, Risk Assessment Criteria and Risk Register templates.	Completed
P2	Procurement – response to Welsh Government Procurement Maturity Model self-assessment	<p>The Maturity Model pilot is currently being undertaken by NRW.</p> <p>Once complete we will work with Value Wales to agree:</p> <ul style="list-style-type: none"> - the date for them to undertake their own assessment of NRW - how the “lessons learned” from the pilot will be fed into the revised Maturity Model in readiness for its launch throughout Wales 	Executive Director of Finance and Corporate Services	31/03/17	<p>NRW self-assessment for the WG Maturity Model for FY15/16 completed.</p> <p>WG are now formally reviewing their (entire) work plans (which includes the Maturity Model) with a view to launching a new Programme of activity in the Autumn. WG are keen to involve everyone in shaping this, and so will be taking this forward in association with the Procurement Board and Delivery Group colleagues over the summer.</p> <p>In the meantime NRW continues to use the key elements of the Maturity Model as a basis for improvement and to form best practice.</p> <p>-</p>	Completed
P3	Grants Management – response to Environment and Sustainability Committee concerns in relation to processes for awarding and administering grants.	Implement recommendation from Business Area Review of how Grants are awarded, administered and managed	Executive Director of KSP and Executive Director of Finance and Corporate Services	31/05/16	Future approach to grant administration approved by NRW Board in September 2016.	Completed
		Review effectiveness	Executive Director of	31/03/17	New arrangements will apply to grants rounds	Completed

Ref	WAO Recommendation	NRW Action	NRW Lead	Due	Update	Status
		of new process and amend where necessary	KSP and Executive Director of Finance and Corporate Services		from 2018/19. Ongoing actions to address internal audit report will be delivered to agreed timescales.	

23 October 2017