

Ein cyf/Our ref: cx18058

Eich cyf/Your ref:

Ty Cambria / Cambria House
29 Heol Casnewydd / 29 Newport
Road
Caerdydd / Cardiff

Mr Nick Ramsay AM for Monmouth
Chair
National Assembly for Wales, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

9 July 2018

Dear Nick,

Natural Resources Wales Response to Annual Report and Accounts Scrutiny 2015/16

I wanted to update you on the latest position with regard to the progress Natural Resources Wales has made in addressing the recommendations of the Committee in respect of the long-term sales contracts that were let in 2014.

Following our last update in November 2017 we have continued to implement measures outlined in our Action Plan which includes training staff on State Aid and Public Law, a risk assessment of the commercial portfolios and a commercial governance policy outlining NRW's key principles. This is designed to ensure that all NRW's commercial activity adheres to relevant legislation, Managing Welsh Public Money and our framework document.

The original long-term sales contract were all terminated by Natural Resources Wales in March 2017 and new contracts were let in order to help the market transition to new arrangements during 2017/18. Wales Audit Office will shortly conclude their audit work on our 2017/18 Annual Report and Accounts which will reflect ongoing issues with these new transitional contracts. I am profoundly disappointed that the lessons from the work of the Wales Audit Office and your

Committee have not yet been fully learned. I totally accept the Auditor General's findings and I am ensuring that NRW is taking these issues incredibly seriously, so that they are never repeated.

Since taking up office in February I have taken the decision to re-organise the commercial services function within NRW and will be appointing Ernst and Young to carry out a comprehensive independent review of the key commercial business areas, governance arrangements and the behavioural and cultural aspects which bear on all of the above.

Working with Karen Balmer, our Audit and Risk Assurance Committee Chair, we will bring a renewed focus to bear on implementing the necessary improvements in this part of our business and insuring that the improvements are of auditable rigour. We are strengthening the Board oversight of these issues and we are appointing a non-Board member to our Audit and Risk Assurance Committee who will bring additional public-sector governance and finance expertise.

I am fully committed to learning lessons and making sure that we make the necessary improvements and that our staff have the right support and protection to do the right thing in the right way in future. I would ask that I be allowed to continue with this work and present the findings at the Public Accounts Committee in the autumn.

A copy of this letter has been sent to Andrew Slade, Director General – Economy, Skills and Natural Resources at Welsh Government, and our sponsorship team.

Yours sincerely,



Clare Pillman
Chief Executive and Accounting Officer
Natural Resources Wales