

Pre Appointment Hearing: Chair of Natural Resources Wales

September 2019

1. Introduction

1. On 26 September 2019, the Committee held a pre-appointment hearing with Sir David Henshaw, the Welsh Government's preferred candidate for the position of Chair of Natural Resources Wales (NRW). The meeting transcript is available on the Committee's website.
2. The Committee is grateful to the Minister for Environment, Energy and Rural Affairs for ensuring that the Committee had the opportunity to undertake this hearing.
3. To inform the hearing, the Committee asked the preferred candidate to respond to a questionnaire, which is included at Annexe A.

1.1. Background

4. NRW was established on 1 April 2013 when the responsibilities, assets and staff of the Countryside Council for Wales, Environment Agency Wales and the Forestry Commission Wales were brought together.
5. Alongside a wide range of operational and regulatory responsibilities, NRW is the principal adviser to the Welsh Government on issues relating to natural resources.
6. NRW, as a Welsh Government Sponsored Body, is accountable to the Welsh Ministers through the Sponsorship Minister (currently the Minister for Environment, Energy and Rural Affairs, Lesley Griffiths (the Minister)) and subject to scrutiny by the relevant Assembly Committees. The Board has accountability for ensuring NRW exercises its legislative functions appropriately and effectively. It is also responsible to the Welsh Government for the ways in which it delivers against its annual remit letter .



7. The information for candidates document, which accompanied the advertisement for this role, stated:

“NRW currently employs approximately 1,900 staff...NRW’s total budget for 2019-20 is around £200m – made up of grant-in-aid from the Welsh Government, commercial income and charges from regulation.”

1. 2. NRW’s remit

8. NRW’s 2019-2020 remit letter reiterates NRW’s core purpose as being “to pursue the sustainable management of natural resources and meet statutory duties in the exercise of its functions”. NRW also has some key functions and regulatory duties which it must discharge effectively and efficiently, working in partnership with local authorities, the third sector and other bodies.

9. The remit letter lists specific priorities for the 2019-2020 period:

“The work of NRW must be aligned with key new and developing policy issues reflecting the priorities set out by the First Minister, including taking forward the Economic Action Plan in delivery of the overall programme of the Welsh Government. It is important NRW is making the necessary preparation for the UK leaving the EU. This letter highlights these key issues.

This year will be key for the development of Area Statements, which need to be produced by March 2020. They are central to the delivery of NRW’s general purpose and provide the opportunity to enable you to plan, prioritise and drive action to deliver outcomes of most benefit for Wales. This year is also crucial for production of the second State of Natural Resources Report (SoNaRR) which is due for publication during 2020, with an interim report due in December 2019.”

10. Other priorities specified in the remit letter are:

- Renewable Energy – production and investment in technology;
- Maximise its impact on flood alleviation, coastal adaptation and climate change;
- Woodland management, regulation and creation;
- Waste;
- Post-Brexit land management policy;

- Agricultural pollution and enforcement;
- Support measures to create local accessible green spaces; and
- New Clean Air Bill.

2. The recruitment process

11. Following the resignation of former NRW Chair, Diane McCrea, the Minister appointed Sir David Henshaw as the Interim Chair . His role commenced on 1 November 2018. In May 2019, a public appointments process commenced to recruit a new permanent Chair.

12. The Welsh Government circulated details of the appointment through stakeholder lists held by the Public Bodies Unit (PBU) and posted the vacancy on the Welsh Government public appointments website and the UK Cabinet Office website. The vacancy was also posted to the Natural Resources Wales website.

13. The vacancy was promoted by the Twitter channels of the Minister for Environment, Energy and Rural Affairs, and NRW.

14. The role was advertised on the following platforms -

- Western Mail – online only;
- The Daily Post – online only;
- Diversity Jobs Network - online only;
- The Guardian – online only; and
- environmentjobs.co.uk.

2. 1. Role and person specification

15. The Welsh Government set out its expectations of how the Chair will perform in the information pack for applicants. The key responsibilities of the Chair were listed as:

- Providing vision and strategic leadership;
- Chairing meetings and supporting the development of the Board, ensuring an appropriate balance of skills and experience;

- Ensuring that the Board is effective in working with the Executive to develop strategy and corporate business plans that are properly scrutinised and monitored;
- Working with the Chief Executive, in their role as Accounting Officer, ensure that appropriate governance arrangements are implemented in line with best practice and the requirements of a public body;
- Ensuring that the governance arrangements deliver the legal responsibilities, functions and duties placed on the body by Statute;
- Working closely with the Chief Executive to ensure a relevant organisational strategy remains in place;
- Working closely with the Chief Executive continue to build and mature the organisations structure and positive approach to its work;
- Overseeing the work of the Chief Executive, providing appropriate support as necessary, including managing their performance; and
- Representing the Body externally and fostering close working relationships with key stakeholders.

2. 2. Assessment Advisory Panel membership

16. The Panel members were:

- Rosie Varley, Senior Independent Panel Member (Panel Chair);
- Tim Render, Director, Environment and Rural Affairs, Welsh Government; and
- Julia Cherrett, Natural Resources Wales Board Member.

17. The Welsh Government informed the Committee that a total of 17 applications were received. The sift meeting took place on 5 June 2019 and four candidates were recommended for interview. The Assessment Advisory Panel considered there to be three appointable candidates.

Our view

We note that the recruitment exercise attracted 17 applicants, three of which were ultimately deemed to be appointable. This is a positive response to the recruitment exercise.

3. The preferred candidate

18. In August 2019, the Welsh Government announced Sir David Henshaw as its preferred candidate to become the Chair of NRW. He has been NRW's Interim Chair since 1 November 2018.

19. Sir David Henshaw has previously held positions including the Chief Executive of Liverpool City Council and Chief Executive of Knowsley Metropolitan Borough Council. He has also held senior Chair roles in NHS England, including at Alder Hey Children's Hospital and the North West Strategic Health Authority. Other roles have included leading a review of the Child Support Agency for the UK Government and Chairing the Welsh advisory board on the delivery of public services.

20. In his response to the Committee's pre-appointment questionnaire, the candidate outlined his current commitments, which included being the Chair of a Foundation Trust Hospital and Chair of Trustees at National Museums Liverpool.

Our view

Since its creation, NRW has faced considerable challenges. Bringing together three different organisations with distinct roles and cultures has, it appears, proven to be more difficult than was envisaged. We are afraid that, six years later, the jury is still out on the question of whether this endeavour has succeeded.

Qualified accounts, flawed contracts and high staff sickness rates have blighted the organisation in recent years. Against this backdrop, the role of NRW's Chair is significant. The Chair must provide strategic leadership to the Board in its role in supporting the Chief Executive to deliver the organisational improvements that are needed.

The preferred candidate, Sir David Henshaw, was appointed as NRW's interim Chair in November 2018. As such, he has been able to gain experience in this particular role and to begin the work of implementing his vision for the organisation. He has been able to draw the Committee's attention to progress made during this period and, given that he has a year's head-start in the role, we expect to see that progress continue at pace, should he be appointed permanently. We agree with Sir David that the Chair should be "accountable for delivering good governance, strategic leadership and building a one team

approach". These are all matters we will wish to see evidenced during our annual scrutiny session with NRW in early 2020.

Sir David has pointed the Committee towards his track record of leadership roles in organisations that are facing difficulties. It should be noted, however, that some of these roles have been the subject of well documented controversy. Members of this Committee questioned Sir David on these issues. In response, he told the Committee that he had behaved with integrity throughout his career, and had demonstrated that he would not shirk from making difficult decisions that may not find favour with others, if he believed that was the right thing to do.

Members of the Committee raised these issues with the Minister when Sir David was first appointed as interim Chair, and were assured by the Minister that she was confident in the appointment. The Committee is unaware of any similar issues being raised during the period of Sir David's appointment as interim Chair.

Sir David acknowledges that he is not a scientist or environmentalist. He does, however, have extensive experience of leading change in public sector bodies. Given NRW's recent difficulties, we believe that such leadership experience will be of great benefit to NRW's recovery.

Sir David has acknowledged the reputational damage arising from NRW's actions over the last few years. He has told us that the task of rebuilding trust with stakeholders has begun, but that the organisation is not complacent and "there is still a long way to go". It is vital for NRW's future standing that this issue is addressed. We will wish to see evidence of progress on this point as part of our annual scrutiny session with NRW.

In recent years, NRW has faced reductions in its budget while its responsibilities and duties have expanded and become more complex. It will also doubtless need to continue to evolve after the UK leaves the EU. Further, Sir David has acknowledged the prominent role NRW will need to play in response to the Welsh Government's declaration of a climate emergency in Wales.

One of the ways that NRW has started to respond to these pressures is by implementing an organisational redesign. We await the evidence of the impact of these changes with interest. However, we must emphasise that changes to the organisation's design must be accompanied by a change in its culture. Without it, we are not confident that we will see the progress that is needed for

NRW to become an organisation that is fit for today and for the future. As Chair, Sir David will play a vital role in realising that vision.

The Committee's conclusion

On the basis of the evidence received, four members of the Committee indicated that they believe Sir David Henshaw to be a suitable candidate for the post. One member believed that concerns raised in relation to Sir David's previous roles meant that they could not endorse his appointment. One member was not present for the hearing or the Committee's deliberations.

The Committee looks forward to discussing the issues raised in this hearing further with Sir David during its annual scrutiny session with NRW in early 2020.

Annexe A – Questionnaire response

Personal background

1. Do you have any business or financial connections, or other commitments, which might give rise to a conflict of interest in carrying out your duties, or impact on the time you are able to commit to the role?

Business or Financial connections and conflict of interest:

I do not have any business or financial connections which would give rise to any conflicts of interest.

Commitments:

I have other commitments namely Chair of a Foundation Trust Hospital and Chair of Trustees at National Museums Liverpool but my experience since my appointment as interim Chair confirms that I have more than sufficient time to commit to the role.

I do not envisage taking on any further commitments.

2. Have you ever held any post or undertaken any activity that might cast doubt on your political impartiality?

No.

3. How were you recruited: were you encouraged to apply, and if so, by whom?

By open competition through a full public appointments process. I was encouraged to apply by colleagues in NRW.

4. Please explain how your experience to date has equipped you to fulfil your new responsibilities.

Highly experienced as chair and former chief executive with experience across a wide range of public sector bodies in central and local government, in the health sector together with private sector experience.

I have had successful executive and non-executive experience in leading challenged organisations with significant performance problems on routes to recovery often facing the most complex of issues.

This experience equipped me well in working with colleagues, in tackling the challenges in NRW and we have made major progress but there remains a considerable amount to achieve which I feel I have the experience and skill set to lead.

Performance of the role

5. What will be your key priorities in your new role?

Clearly there is a huge agenda facing NRW and the key priorities are:

1. Leading the Board and the organisation to deliver the ten priorities in our Business Plan and play a lead role in Wales' response to the Welsh Government's declaration of a climate emergency in Wales whilst emphasising that this is also an environment emergency. Sustaining a healthy environment is fundamental to Wales' future health, prosperity and well-being.
2. Fulfilling NRW's responsibilities within the future generations legislation and driving our operational agenda with a sense of our duty to care for our environment which has been borrowed from our successors and becoming an outward facing organisation.
3. Leading and developing the Board to ensure effective governance of NRW but most importantly in such a way that all our staff feel they are being well led.
4. Supporting the Chief Executive and Executive team in their effective leadership of NRW and in particular seeking the embedding of the cultural and governance improvements we recognise are needed following the Grant Thornton Report.
5. Building strong relationships with all our stakeholders across Wales and beyond, developing our reputation as the partner of choice for other organisations and making NRW indispensable to the Welsh Assembly and Welsh Government.

6. What criteria should be used to judge your performance over your term of office?

Overall the main criteria should be the effective and efficient discharge of NRW's strategic and operational performance which is the responsibility of the whole Board including the Chief Executive and Executive team.

However I lead the Board and should be held accountable for delivering good governance, strategic leadership and building a one team approach.

In addition I would suggest the following:

- Visible non-executive Chair leadership and confidence from the Board
- Confidence and trust of stakeholders and staff in NRW
- Confidence of Welsh Government and Welsh assembly
- Delivery of recovery of NRW

My intention is to introduce a 360 degree appraisal system for Board members and myself.

The organisation

7. What criteria should be used to judge the performance of NRW as a whole?

I have referred to this previously but in sum. The criteria which should be used to judge the performance of NRW as a whole are the following:

- Delivering the strategic agenda
- NRW operational performance
- The views of our stakeholders and all those we serve
- The views of the Welsh assembly and Welsh government and simply being held to account in the discharge of our responsibilities
- A high performing and motivated workforce
- Positive audit opinions – UKWAS, ISO, WAO
- Improving Customer Satisfaction

8. What do you see as the key risks to delivering NRW's objectives?

In simple terms:

- Resources (staff / money)
- Culture change
- Brexit
- Legislative changes

9. What do you consider to have been the main successes and failures of NRW? What lessons can be learned from the failures?

Successes:

- The ongoing work in merging three organisations into one, while completing an entire restructure enabling NRW to deliver new statutory purpose and place based delivery.
- The ongoing recovery work around timber sales and forestry more generally.

During this significant change, continuing to deliver the ongoing business at NRW including for example:

- Dealing with environmental incidents – tree disease, flood events (e.g. Storm Callum, forest fires)
- The ongoing work in rebuilding our capability
- Delivering first ever State of Natural Resources Report (SoNaRR)

Failures:

- Qualified accounts and timber sales governance
- Public engagement around difficult decisions (e.g. Permitting, Flood Projects)

Lessons:

As in every organisation there is a need for real clarity around vision, strategy and a plan which is understandable for all. I would suggest we emphasize on the following:

- Good governance and a one team approach for the whole NRW Board
- Value the importance of positive organisational culture and investing in people
- Getting the right balance between central corporate direction behind a coherent strategy and effective devolving of responsibility and empowering people
- Becoming an outward facing organisation with positive engagement and early involvement of interested parties and the need to build a clear understanding of our roles and responsibilities in what are difficult and often unpopular decisions

10. What is your assessment of the public profile and reputation of the organisation?

It is early days but my sense is that there is a recognition that NRW is now on the improvement journey with a lot to do and more to improve. NRW has a set of challenging responsibilities. At one end of the spectrum we are a regulator and at the other a cheer leader, an advocate and promoter.

The roles and all in between go forward as one. We will never please everyone.

In particular:

- We have begun the task of rebuilding trust with many stakeholders, but we are not complacent and there is still a long way to go.
- We need to continue to build awareness and understanding of our many roles and responsibilities.
- We need to continue to grow public awareness of the importance of our natural resources and environment to Wales' future health, prosperity and well-being.
- We have to make difficult and unpopular decisions on many issues. But we do so using the evidence we have in an open and transparent way and our ambition is to do this involving others from the outset.