



Welsh Government Response

Climate Change, Environment and Infrastructure Committee's *Natural Resources Wales - Annual Scrutiny 2023-24* report

27 June 2024

As Cabinet Secretary with accountability for the performance and delivery of Natural Resources Wales (NRW) I very much welcome the Climate Change, Environment, and Infrastructure (CCEI) Committee's Annual Scrutiny report of NRW.

I thank the Committee for its careful and professional consideration in undertaking this scrutiny as laid out in its comprehensive [report](#) which was published on 21 May 2024.

This sets out the Welsh Government's response to the report's 13 recommendations.

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Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig

Cabinet Secretary for Climate Change & Rural Affairs

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1. Governance

Within this section, the CCEI Committee focused on NRW's Remit Letter, Corporate Plan, Service Level Agreements (SLAs), NRW's Business Plan and Performance measures, recruitment and skills, and NRW's post-pandemic ways of working.

The Committee made three recommendations within this section.

Recommendation 1.

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

Welsh Government Response: Reject

1. NRW's Corporate Plan, *Nature and People Thriving Together*, sets out NRW's vision, mission and well-being objectives to 2030.
2. To improve the way in which the Corporate Plan's objectives will be planned, resource and delivered, through 2024-25, NRW is focussed on developing and testing a multi-year planning approach, including identification of reporting delivery metrics, taking learning from the development and implementation of the SLAs. The Welsh Government will continue to work with NRW to test and refine this approach through 2025-2026.
3. As the focus will be on multi-year planning, the Welsh Government has agreed with NRW that there is no longer any need to continue with the SLA process. In developing multi-year plans, it will clearly identify the level of resource required to enable successful delivery of NRW Corporate Plan objectives. Therefore, this Recommendation has been 'Rejected'.

Recommendation 2.

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

Welsh Government Response: Reject

4. Within the afore mentioned multi-year planning process, the related focus on iterating NRW's performance management framework will deliver greater clarity on how NRW has achieved its own objectives and those shared with stakeholders. This will enable a greater understanding of effectiveness, identify what is driving as well as hindering delivery and where things need to change.
5. This increased understanding, combined with insights sought from our stakeholders, will help NRW prioritise where and how it can improve service delivery. In combination, this will input into and benefit NRW's multi-year planning as referenced in Recommendation 1.

Recommendation 3.

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

Welsh Government Response: Accept

6. NRW will provide the Committee with an update following testing and development of its multi-year planning approach, enhanced by stakeholder input. This will include results of its testing and refining of impacts and strategic indicators. Please note, these are expected to be finalised and signed off by its Board in Autumn 2024.

2. Budget

Within this section, the CCEI Committee focused on NRW's budget pressures and management, which included the possible closure of NRW's visitor centres.

The Committee has made four recommendations within this section.

Recommendation 4.

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

Welsh Government Response: Accept

7. Over the last few years and currently NRW is successfully working closely with Welsh Government as it has undertaken a number of detailed reviews to improve the management of its budgets and associated financial risks. This approach will continue ensuring NRW focuses on delivering its priority functions and statutory duties within current and future budgetary envelopes.

Recommendation 5.

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

Welsh Government Response: Accept

8. NRW is finalising proposals to secure financial sustainability and resilience in 2025-26 and 2026-27. Once complete NRW will deliver targeted communications plan for employees, partners and stakeholders, at the appropriate time, to explain any changes and how delivery and/or engagement will evolve as a result.

Recommendation 6.

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

Welsh Government Response: Accept

- 9.** NRW is expected to share details of its invest to save bid by the end of FY24/25.

Recommendation 7.

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

Welsh Government Response: Accept

- 10.** NRW will report to the Committee within the next six months i.e. by end December 2024 on the status of its Visitor Centres including outlining the expected, future operation of these Centres.

3. Other Matters

Within this section, the CCEI Committee focused on the challenges and funding for biodiversity; tackling water pollution from agriculture in relation to enforcement and ongoing assessments and policy review; tree planting and NRW's role in forest management; and internal drainage districts.

The Committee has made six recommendations within this section.

Recommendation 8.

The Welsh Government should explore opportunities to develop and implement a coordinated funding framework that allows for the strategic allocation of resources from different sources to support biodiversity conservation.

Welsh Government Response: Accept

- 11.** The Welsh Government continues to work with NRW in exploring opportunities to develop and implement alternative funding frameworks in order to provide NRW with additional flexibility to support its work.
- 12.** For example, for the financial year 2024-2025, Welsh Government has established a new funding model to support NRW's management of the Welsh Government's Woodland Estate. These new arrangements provide NRW with a dedicated annual budget, which will help it mitigate the impact of volatility in the timber market.
- 13.** NRW is considering and critically reviewing all activities, whilst ensuring it is focussed on delivering its priority functions and statutory duties within current budgets as outlined in NRW's Term of Government Remit Letter. Welsh Government continues to provide NRW with all necessary support in these reviews.

Recommendation 9.

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

Welsh Government Response: Rejected

- 14.** Please note it is the Welsh Government which is responsible for developing statutory biodiversity targets for Wales as part of Wales' contribution to the UK's commitments to the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework (GBF) aims and targets, and not NRW.
- 15.** The Welsh Government launched its Environmental principles, governance and biodiversity targets White Paper consultation on 30 January. Amongst other aspects, it proposes introduce targets and statutory duties for protecting and restoring biodiversity in Wales in-line with 2030 and 2050 timescales set by the GBF. The proposals include introducing a statutory Nature Recovery Framework with an overarching biodiversity target to be underpinned by additional and more specific statutory targets through secondary legislation. The proposals also include requirements for Welsh Government to publish a statutory nature recovery strategy and action plan. The State of Natural Resources Report (SoNaRR) would be utilised as the key statutory reporting mechanism for monitoring and demonstrating delivery against the targets once they are developed, with Ministers required to lay a statement before the Senedd reporting whether the targets have been met. The new governance body is proposed to provide independent scrutiny and oversight of the delivery of the statutory targets.
- 16.** The Whitepaper consultation closed on 30 April. Analysis of the consultation responses is underway and final outputs are anticipated in early June. Welsh Government officials are drafting a policy response to the consultation which will be published alongside the analysis in the summer.
- 17.** NRW is working, alongside others such as JNCC, to provide information, evidence and expertise and support to the Welsh Government with the latter's development work to establish a statutory biodiversity framework and statutory biodiversity targets in-line with NRW's Corporate Plan Well-being priority: *Nature is recovering*. NRW is also supporting on the Biodiversity Deep Dive on 30 by 30, which is one of the GBF targets.

Recommendation 10.

The Welsh Government should facilitate dialogue between NRW, farmers and environmental groups to address the significant disagreement regarding the approach to controlling agricultural pollution.

Welsh Government Response: Accepts

- 18.** The Welsh Government continues to engage with a wide variety of stakeholders regarding the complex issue of pollution from agricultural sources. This includes officials regularly attending the Wales Land Management Forum Sub-Group on Agricultural Pollution. The First Minister and Cabinet Secretary Climate Change and Rural Affairs are also planning to co-chair the next rivers summit at the Royal Welsh Show with a focus on the role and challenge of agriculture.
- 19.** The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 require a review to be conducted every 4 years to assess the effectiveness of the measures imposed by the Regulations as a means of reducing or preventing water pollution from agricultural sources and if necessary, revise them. The deadline for the first review to be completed is April 2025.
- 20.** The review will incorporate all aspects of the Regulations and will include the Alternative Measures previously proposed and the Enhanced Nutrient Management Approach (ENMA). It will be important for a wide range of stakeholders to be engaged in the dialogue.
- 21.** In a written statement published on 27 February 2024 ([Written Statement: Farming in Wales \(27 February 2024\)](#) | [GOV.WALES](#)) the then First Minister Mark Drakeford, MS, and Minister for Rural Affairs, North Wales and Trefnydd Lesley Griffiths, MS, committed to the appointment of an independent chair to oversee the review process. The Welsh Government remain committed to this appointment and the recruitment process is currently in progress.

Recommendation 11.

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

Welsh Government Response: Accepts

- 22.** NRW's current SLA with the Welsh Government includes providing compliance monitoring and enforcement of the Enhanced Nutrient

Management Approach (ENMA), this work runs from 1 January 2024 to 31 December 2024.

- 23.** A number of land managers have informed NRW that they are intending using the ENMA during this period. These sites where the ENMA will be adopted are considered “high risk” and are included in NRW’s targeted inspection programme undertaken by Control of Agricultural Pollution Officers.
- 24.** Funding for this work is in place to the end of March 2025, the Welsh Government is working in partnership with NRW as it seeks the SLA and its funding to be extended into subsequent years.

Recommendation 12.

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

Welsh Government Response: Accepts

- 25.** Such reviews, incorporating latest research and future projections, are essential elements in NRW’s ongoing management of its and the Welsh Government’s Woodland Estates. These input into how NRW discharges its duty for sustainable management of natural resources (SMNR).
- 26.** Forest Resource Plans (FRPs) are the core management document for the Welsh Government Woodland Estate. They are updated on a 10-year cycle with a 5-year review point. These plans set out long-term objectives and are the basis for multi-year programmes of work, for regulatory approval of tree felling, and are a key tool for consultation with stakeholders.
- 27.** When developing FRPs, NRW’s team of planners use SMNR principles to respond to a range of benefits and risks, including timber production, climate change adaptation, safeguarding clean water and managing flood risk, nature conservation, landscape enhancement and access to nature. NRW have a programme to replace old style Forest Design Plans with FRPs, which respond to a broader range of benefits and risks.

Recommendation 13.

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

Welsh Government Response: Accept

28. There have not been any discussions, on this point, between NRW and the Cabinet Secretary for Climate Change and Rural Affairs.

29. NRW have not made any request to the Cabinet Secretary or to Welsh Government officials for a review of internal drainage districts. NRW has shared a view with Welsh Government officials that it may be timely to consider whether a review is required, given the challenges posed by the climate and nature emergencies.