

Natural Resources Wales - Annual Scrutiny 2022-23

May 2023

1. Introduction

- 1.** The Welsh Government created Natural Resources Wales (NRW) on 1 April 2013, merging three bodies: the Countryside Council for Wales, Environment Agency Wales, and Forestry Commission Wales. It also incorporated several Welsh Government responsibilities and, from 1 April 2016, the functions of the three Internal Drainage Boards operating wholly or partly in Wales.
- 2.** Alongside a wide range of operational and regulatory responsibilities, NRW is the principal Welsh Government adviser on natural resource issues. As a Welsh Government Sponsored Body, it is accountable to the Welsh Ministers through the Sponsorship Minister (currently the Minister for Climate Change, Julie James ('the Minister')) and subject to scrutiny by relevant Senedd committees. NRW's Board is responsible for ensuring it exercises its legislative functions appropriately and effectively.
- 3.** On 9 February 2023, representatives of NRW, including the Chief Executive, appeared before the Committee for a scrutiny session. We are grateful to the representatives of NRW for their cooperation.

2. Governance

Remit Letter

- 4.** In December 2022, the Minister for Climate Change provided Natural Resources Wales (NRW) with a term-of-government remit letter. The remit letter



outlines the strategic objectives for NRW. It emphasises the need for NRW to integrate its work and activities with the overarching well-being objectives outlined in the Programme for Government. According to the remit letter, the Minister expects NRW to play a crucial role in delivering Welsh Government priorities related to Circular Economy and Clean Air, Energy, Flood and Coastal Erosion Risk Management, Sustainable Drainage and Climate Adaptation, Forestry, Nature, Designated Landscapes and Countryside Access, Marine and Fisheries, and Water Quality.

Baseline review

5. This Committee has previously raised concerns about NRW's ability to undertake its statutory functions with its allocated resources. During last year's scrutiny, the Committee concluded that "as its budget has reduced year on year, the Welsh Government has piled additional responsibilities and duties upon it". The Minister for Climate Change said the ongoing question of whether NRW can effectively exercise its duties and responsibilities would be addressed through a fundamental "baseline" review.

6. NRW has now completed the baseline review, which, it said, aimed to align resources with priorities and ensure resources are used most effectively and efficiently. Working in collaboration with the Welsh Government, the review had been used to develop Service Level Agreements (SLAs) for key areas such as Flood Risk Management, the NRW Estate (including the woodland estate), Pollution Incident Management, Enforcement, Water Quality, and more. In its written submission, NRW said:

"This has been a long but important process in giving the Welsh Government and NRW a shared and thorough understanding of what we face in tackling the climate and nature emergencies and delivering key government commitments".

7. NRW said that the term-of-Government remit letter and the SLAs would form the basis of NRW's annual business plan and budget processes. NRW told the Committee that the SLAs "are not static, and we will review them at agreed timescales with Welsh Government officials" to ensure that the services reflect innovation in working practices.

8. In oral evidence, NRW said SLAs had been prepared in ten areas. SLAs for the remaining areas would be in place by September 2023 and would inform next year's budget-setting process.

- 9.** This approach would lead to greater stability in NRW's budget in future. Rachael Cunningham explained that:

"once we've agreed the service levels that we're going to be operating at and the level of funding that we can have, that will stay fairly stable. It will only then change when Welsh Government want us to do things differently."

- 10.** The process had enabled NRW to have discussions with the Welsh Government about the level of service it would like. Clare Pillman explained:

"If you want to do this, this is how much it's going to cost, and this is what you will get for that. And if you want to do a bit more, this is what it would look like. If you want to do the bare minimum, this is what it would look like.' So, I think we have a really good granular understanding of our budget and resources and effort now."

NRW's Board

- 11.** In its written submission, NRW said it was excited to announce the appointment of six new members to its board. The positions filled included roles such as the Chairs of the Finance, Flood and Audit Committees. The formal announcement of the appointments was expected to be made by the Welsh Government shortly, and NRW hoped that the new members would attend its Board meeting in March 2023.

Corporate Plan

- 12.** In its written submission, NRW told us its latest corporate plan had been developed through collaboration and engagement with various stakeholders, including Senedd Members. The aim was to build a collective understanding of the focus and objectives of the plan. In its written submission, NRW said it expected the plan to be launched in June.

- 13.** Clare Pillman explained the plan would focus on three well-being objectives: the nature emergency, the climate emergency, and reducing pollution and waste. The plan involves working alongside Wales's public, charitable, and private sectors to achieve these objectives.

Adfywio/Renewal programme

14. In its written submission, NRW said that the Adfywio programme was launched after the Covid-19 pandemic with the aim of transforming the organisation into an agile, resilient, and more efficient entity. The programme focused primarily on decarbonisation, staff well-being, and financial savings. This included ensuring better support for staff in a hybrid work environment. Through the programme, NRW was also working to decarbonise its activities, focusing on consolidating office space and facilities, reducing carbon emissions from its fleet, and implementing new travel policies.

Business Plan and performance measures

15. NRW's business plan sits under its corporate plan. The most recent Business Plan sets five priorities, which have been agreed with the Ministers and, according to NRW, are aligned with the recent 'deep dives' and other ministerial commitments:

- Marine consenting for renewable energy developments;
- Enabling tree planting;
- Flood prevention and dealing with coal tips;
- Water quality; and
- Biodiversity

16. NRW tracks its performance against several measures through its Business Plan 'dashboard', which uses a traffic light system to indicate progress. The performance report covering 2021-22 showed that out of 30 measures, 22 were deemed "green," 6 were "amber," and two were "red."

17. Clare Pillman explained that two measures were classified as 'red' at the end of the 2021-22 financial year. One related to river basin management plans and water-related investigations, which were reprioritised due to the importance of work on storm overflows and phosphates. The other measure that was 'red' was the customer experience strategy, which had faced difficulties securing a specialised supplier that could deliver the required bilingual services. However, progress has been made, and the work was ongoing.

18. In the current year, two measures were classified as 'red' at the end of Quarter 2 (2022-23). The first related to targeted action for declining species, specifically those on the edge of extinction. The translocations policy and

processes needed to be reviewed, and there were challenges in recruiting specialist staff for this area. However, NRW had since recruited staff for the role, and the work was ongoing.

19. The second measure that was 'red' at the end of Quarter 2 related to the redesign of the freshwater quality monitoring network. There had been challenges in recruiting specialist staff for this area, but NRW had recruited a specialist officer in December 2022 to lead the implementation work in 2023/24 and 2024/25.

Skills

20. Clare Pillman acknowledged it faces challenges in recruiting and retaining specialist staff in certain areas. NRW sometimes attracted specialist staff away from local authorities, which had an impact on their capacity. For other roles, such as engineering, NRW would lose staff to the private sector, where earnings are greater. Additionally, there are some areas where there is a lack of potential candidates with the necessary skills.

21. Ceri Davies explained that NRW was working with the Welsh Government, Welsh Water, and local authorities to try and develop university courses to encourage more graduates to pursue careers in the sector. They had created schemes within NRW for MSc and PhD students to gain experience.

22. Clare Pillman added that staff retention rates were generally good due to the terms and conditions, support, and learning and development NRW provides.

Our view

The Committee notes the strategic objectives outlined in the term-of-government remit letter and NRW's commitment to integrating its work and activities with the overarching well-being objectives outlined in the Programme for Government. This is a commendable approach.

The Committee commends NRW's focus on the well-being objectives of addressing the nature and climate emergencies and reducing pollution and waste in its corporate plan. The Committee encourages NRW to share examples of ongoing or planned initiatives that align with the well-being objectives to foster transparency and engagement with stakeholders.

We recognise the importance of the baseline review in addressing our long-held concerns about the capacity of NRW to deliver on its ever-growing list of duties and functions. The development of SLAs in collaboration with the Welsh Government is a positive step toward addressing these concerns. NRW should publish high-level summaries of the SLAs as soon as possible. We also believe NRW and the Welsh Government should establish a process for monitoring and evaluating the SLAs, ensuring that they continue to reflect both parties' evolving needs and priorities.

The Committee notes the establishment of the Adfywio/Renewal programme. The focus on decarbonisation, staff well-being, and financial savings is commendable. NRW should consider how it can share information about outcomes or milestones achieved under the programme and outline future targets to provide a clearer understanding of the programme's progress and impact.

The Committee acknowledges the challenges faced by NRW in recruiting and retaining specialist staff in certain areas. To address these challenges, the Committee recommends that NRW explores opportunities to strengthen its partnerships with academic institutions and industry partners to develop targeted capacity-building and training initiatives. These initiatives could include internships, apprenticeships, and specialised courses to address the skills gap in critical areas.

Recommendations

Recommendation 1. Natural Resources Wales should share with the Committee the detailed Service Level Agreements (SLAs) it has developed in collaboration with the Welsh Government as soon as possible. It should publish high-level summaries of the SLAs in the interests of openness and transparency.

Recommendation 2. Natural Resources Wales and the Welsh Government should establish a monitoring and evaluation process for its SLAs. This process should include consultation with stakeholders and regular updates to the Committee on how the SLAs continue to reflect both parties' evolving needs and priorities.

Recommendation 3. Natural Resources Wales should provide regular updates on the measurable outcomes and milestones achieved under the Adfywio/Renewal programme and outline future targets.

Recommendation 4. Natural Resources Wales should collaborate with academic institutions and industry partners to develop targeted capacity-building and training initiatives, such as internships, apprenticeships, and specialised courses, to address the skills gap in critical areas. NRW should set a timeline for implementing these initiatives and consult with stakeholders to ensure their effectiveness in recruiting and retaining specialist staff.

3. NRW's Budget

23. NRW's total income for 2021/22 was £88m. In addition, the Welsh Government provided £130m Grant in Aid and other grants towards a range of outcomes, of which £38m was allocated to flood and coastal risk management.

24. NRW's total expenditure for the year increased from £225m to £255m (a further increase from £207m in 2020/21). NRW said this recent change in expenditure was due to several reasons, including increased staff costs due to pensions and the valuation of timber felled during the year.

25. NRW receives core funding for its baseline functions and additional grant funding for projects outside those functions. Budget allocations (core funding) to NRW remain unchanged for 2023/24.

26. Managing the impact of inflation remains a challenge for NRW. According to Rachael Cunningham, NRW faces increasing costs in several areas, such as external contractors for programmes, energy costs across their estate, and a reduced timber income. To mitigate these impacts, NRW had taken steps to increase commercial income through wind energy and proposed around £4 million worth of cuts to their cost base for the financial year.

27. NRW had also settled its pay award at 4 per cent, which was 2 per cent more than budgeted. It has budgeted a 2 per cent increase next year but acknowledged the settlement could be more.

Funding gap

28. On 29 April, the Minister wrote to the Committee to provide an update on funding arrangements for NRW. This was in response to a recommendation by the Committee arising from its draft budget scrutiny, which asked the Minister to provide details on how and when NRW's funding gap would be addressed. In her letter, the Minister said that she had "reviewed budgets within my MEG, in discussion with Cabinet colleagues, with a view of addressing NRW's funding gap". The Minister said:

“As a result of the reprofiling work, I am pleased to inform the Committee that I have agreed to provide NRW with a further £18.2m of funding to draw down upon in 2023-24 subject to a business plan which is aligned with the activities they have set out in their Service Level Agreements. My intention is to formalise these arrangements in the first supplementary budget in June so there is no uncertainty to the level of funding they will receive in 2023-24.”

29. The Minister concluded that:

“It is my intention as part of the 2024-25 draft budget exercise to baseline this £18.2m to NRW’s allocation. Recognising that the fiscal context remains incredibly challenging and will need to be subject to the 2024-25 budget process. My hope is that if we can achieve this it will both resolve NRW’s funding gap and address NRW’s pension liability which forms part of the £18.2m.”

Regulatory charges/fees

30. NRW’s regulatory responsibilities are funded by grants from the Welsh Government, or charges levied on those they regulate. NRW is required to recover the costs of regulatory services fully.

31. NRW commissioned a Strategic Review of Charging (SRoC), which showed under-recovery across most regimes, resulting in an annual £3m shortfall in the delivery of permitting activities, with only 24% of costs being recovered. NRW said this shortfall was “currently met by reducing our service in other areas of our work”, but this was “not enough to balance the full costs of delivery”. As the current charges no longer reflect the total costs of delivering the services, taxpayer funds are being used to subsidise the activity.

32. In late 2022, NRW ran a public consultation on new charging proposals. Under the new proposals, charge-payers will pay for the full services they use. If approved, charges will be introduced from April 2023 for the following:

- Industry regulation;
- Site-based waste;
- Water quality;
- Water resources;

- Reservoir compliance; and
- Introduction of species Licensing charges.

33. According to Ceri Davies, NRW had received over 100 responses to the consultation on regulatory charges, which closed at the beginning of January. NRW had engaged an independent consultant to assess the consultation responses. Based on the analysis of the responses, NRW would make a final submission to be considered by its Board before being provided to the Minister for a decision.

34. NFU Cymru has expressed concerns at the proposal, urging NRW to reconsider the proposals in the context of “unprecedented uncertainty” in Welsh agriculture. Regarding the potential impact on the agriculture sector, Ceri Davies recognised that cost-of-living pressures meant that this was a challenging time to raise costs. She added:

“For the whole sector, we've estimated, again, based on past information, that we're probably looking at a difference of £140,000 for the whole of the sector for all of the charges that we are bringing further forward.”

35. Ceri Davies said NRW is committed to ensuring that the new charging scheme is based on full cost recovery while also considering stakeholder concerns. She also noted that the increase in charges would only apply to new permit applications and would be a one-off charge, not an annual permitting charge.

36. Ceri Davies explained that NRW aimed to avoid sharp increases in charges in future:

“we haven't increased these charges in some instances for some considerable time period, because we needed to go through this process of analysing new requirements that have come in in legislation, for example, new things need to be assessed in a deeper way for, perhaps, habitats regulations assessments...But there is a commitment from us that we certainly will ensure that, from now on in, we keep this up to date so that nobody is facing a 20-year gap in a sudden increase in application fees.”

Our view

During our scrutiny of the Welsh Government's draft budget for 2023-24, we discussed several matters relating to NRW's funding with the Minister for Climate Change. In our Report, we raised several concerns, which we will reiterate here.

Firstly, we welcome the baseline review undertaken by the Welsh Government and NRW. For too long, we have been concerned about NRW's ability to effectively carry out its roles and responsibilities due to a lack of capacity and resources. The baseline review and the development of service level agreements between NRW and the Welsh Government offer an opportunity to address this issue.

We were concerned to hear that a funding gap had been identified due to the review. Several factors, including pension liabilities and fluctuation in timber income, had caused the shortfall. Pension liability is a historic problem and was a concern at NRW's creation almost a decade ago.

We were pleased to receive the Minister's letter, in which she confirmed that arrangements will be put in place to fill the funding gap, including the pension liability, for 2023-24. We welcome the Minister's indication that it is her intention that the additional funding will be baselined in NRW's funding allocation in future years from 2024-25. We note and understand that this will be subject to the usual consideration of funding allocations as part of the budgeting process. Nevertheless, we are pleased that after a long period of financial instability, it appears that NRW's funding arrangements may finally be moving to a more stable footing.

On the issue of the changes to regulatory charges and fees, we note the concerns expressed by farmers who would be affected by the changes. We agree in principle with the need for NRW to recover costs fully. However, a sharp rise in costs at a time of economic uncertainty should be avoided if at all possible. We were reassured by the comments made by Ceri Davies that cost increases should not be as sharp in future. Nevertheless, we believe that the cost impact on individual applicants should be considered by NRW and should form part of the advice that is presented to the NRW Board and, finally, to the Minister for her decision.

Recommendation 5. Natural Resources Wales should provide the Committee with an update on the progress of its Strategic Review of Charging and the proposals for increases in charges/fees.

Recommendation 6. Natural Resources Wales should include in its advice to the Minister information on the financial implications of its proposed changes to charges/fees on individual applicants.

4. NRW's priorities

Water

37. The Water Framework Directive (England and Wales) Regulations 2017 (WFD) are the primary mechanism for assessing and managing the water environment. They place a statutory duty on the Welsh Ministers to prevent deterioration and improve all water bodies to good status by 2027.

38. NRW runs a network of water quality monitoring points across Wales, which determine water body status classifications. NRW has numerous proactive projects and programmes designed to achieve the aims set out in River Basin Management Plans (RBMPs) to improve water quality. The current cycle of RBMPs (2021-2027) was published in July 2022. NRW explained that WFD classifications are based on a range of issues.

Tackling agricultural pollution

39. Diffuse pollution from agriculture is one of the main reasons Welsh waterbodies fail to achieve 'good status' under the WFD, with the dairy sector responsible for most agricultural pollution incidents. This is being tackled through agricultural pollution regulations. NRW has previously said that enforcing the regulations will be a "massive workload" with "well over 200" extra staff needed to deliver the "full role".

40. In oral evidence, NRW confirmed it would receive funding of £2,550,000 over the next two financial years, with £1 million in 2023-24 and £1.55 million in 2024-25. Clare Pillman confirmed the policy would be reviewed after the two-year funding commitment. Ceri Davies said the funding would enable NRW to double the size of the team working on this, allowing staff to conduct many more farm visits and, where appropriate, undertake enforcement work. Ceri Davies explained that the response would be risk-based and focus on the sectors causing the most significant pollution across Wales.

Sewer overflows

41. The pressures on Wales' sewage infrastructure have been highlighted over the past year following reports and public outcry over unpermitted sewer discharges. This Committee undertook work on water quality and sewage discharges. It published a report on storm overflows in March 2022, which made several recommendations to NRW (alongside the Welsh Government and water companies).

42. One of the recommendations in that Report was that NRW should show “demonstratable progress” on work to bring 'unpermitted' storm overflows within the regulatory regime. In its response, NRW said that in October 2021:

“Dŵr Cymru provided NRW with an initial estimate that, of 174 unpermitted storm overflows identified, only 16 were estimated to be satisfactory (i.e. no environmental impact and meet modern design standards), and 40 were Emergency Overflows, operating as Storm Overflows.”

43. NRW has identified the need to review its existing Storm Overflow Classification guidance, “commissioning consultants to undertake the review in February 2022, who aim to finalise this by the end of this year” [2022]. Once this has been completed, water companies must assess and classify each asset and apply for a permit.

44. NRW continues to publish annual water company environmental reports, with the next due in July 2023. It says it will “continue to enhance the storm overflow section” of these reports.

45. Ceri Davies provided an update on the work on 'unpermitted' storm overflows. She stated that a piece of work was underway that included considering the definition of dry-day spillage and what rainfall totals should be regarded as constituting an emergency. This process was expected to be completed by the end of March.

46. Ceri Davies mentioned that since the formation of NRW, they had taken 13 prosecutions, 24 formal cautions, and four enforcements against water companies. In addition, they had issued 244 warning letters and provided 32 instances of advice and guidance. There are currently five cases in legal process, and NRW is investigating 19 other cases before starting the legal process. She added, however, that:

“we are taking action, but that is action when damage has occurred. So, there is a huge amount of work that we do on a day-to-day basis to ensure that we are working and regulating these companies—like Welsh Water and Hafren Dyfrdwy in Wales—to ensure that they're putting in place the right things to stop these activities from occurring.”

47. Ceri Davies also pointed out that not only water companies cause pollution, and NRW has identified all contributors to the pollution problem through source-apportionment modelling. She emphasised the need for collective action and for different organisations to work together to improve the situation. NRW's chair was working closely with the First Minister and the Minister for Climate Change to address the issue and to take urgent, medium, and long-term actions to improve water quality in Wales.

Ofwat/PR24

48. Every five years, water companies set out their plans for how much they'll charge customers and what they'll deliver, known as the price review process. Water companies must submit a Price Review 2024 (PR24) business plan to Ofwat in October 2023. This will establish the funding for water company investment in their 'Asset Management Programme'.

49. NRW's paper says water companies must invest at “scale and pace” to address and prevent harm from their operations. Through the price review process, it said it:

“... expects water companies in Wales to ensure all unpermitted storm overflows meet satisfactory standards for the asset management plan period (2025-30).”

Phosphorus pollution

50. Over several years, NRW undertook a compliance assessment of Welsh river SACs against phosphate targets. NRW has set up a SAC rivers project to address water quality management and regulation issues in Welsh SAC Rivers. NRW's evidence paper says it's set up a programme to return failing catchments to favourable condition. However, the project is broader than phosphorus and includes other water quality attributes.

51. Further details on solutions to address the impact of phosphate targets have been shared with the Senedd, including that NRW is developing a 'national nutrient calculator' and 'catchment consenting proposals'. In oral evidence, NRW

said it had tested a national nutrient calculator on smaller catchments. The calculator aims to understand loadings and enable decision-making about phosphate stripping, pre-treatment, and treatment mechanisms. Nutrient management boards will be taking decisions relating to the management of the river system to ensure that they are acting on the results from the calculations.

Better River Quality Taskforce

52. In its written submission, NRW referred to the Better River Quality Taskforce (the taskforce), which comprises NRW, the Welsh Government, Ofwat, both Welsh water companies, Afonydd Cymru and Consumer Council for Water.

53. The taskforce had initially looked at evaluating the current approach to management and regulation of overflows in Wales and developing detailed plans to drive rapid change and improvement. It identified five areas for change and improvement that required additional action. It published an action plan for each area in July 2022:

- Reducing visual impact: installation of screens: action plan;
- Capacity of the network (drainage and wastewater management plan): action plan;
- Improving effluent quality and river quality: action plan;
- Environmental regulation of overflows: action plan; and
- Public understanding and engagement: action plan

54. Several actions are for NRW, including providing a storm overflow report by the end of March 2023.

Inland water

55. The Programme for Government makes further commitments to improve water quality by beginning to designate inland waters for recreation and strengthening water quality monitoring. The Minister recently told the Senedd this work is being progressed through a survey and pilot approach next year.

56. Ceri Davies said that NRW was currently “testing out an approach that we can apply, with a view to having inland bathing waters that meet those exacting quality standards”. Clare Pillman confirmed that NRW would be “starting the work on the criteria and testing and piloting the criteria over the next year and 18 months”.

Flooding

57. The National Strategy for Flood and Coastal Erosion Risk Management was published in October 2020. Section 18 of the Flood and Water Management Act 2010 requires NRW to report to the Welsh Ministers on the progress of the National Strategy, including all aspects of FCERM undertaken by Risk Management Authorities. NRW is required to report every two years.

58. Publication of the first Report on the National Strategy was delayed from autumn 2022 to autumn 2023. Claire Pillman said that the delay to the publication of the Report had been agreed with the Welsh Government, and the delay had the support of the Welsh Local Government Association and the flood and coastal erosion committee. The next Section 18 report will be produced in the autumn of 2023.

59. According to Clare Pillman, the delay to the publication of the Report was not expected to significantly impact the flood risk management authorities' ability to plan going forward, as the Report is a retrospective report focused on delivery, not a forward-looking planning report.

Biodiversity targets

60. A new global biodiversity framework was agreed upon at COP15, the UN biodiversity summit, setting four goals and 23 targets for achievement by 2030. A key target is the '30x30' target (target three), which will protect 30% of terrestrial, inland water, and coastal and marine areas by 2030. The recent Welsh Government 'Biodiversity Deep Dive' recommended specific actions to be taken in Wales to achieve the 30x30 target, several of which are for NRW to deliver.

61. The Welsh Government's Nature Recovery Action Plan and Natural Resources Policy (NRP) will be updated due to the new framework. The State of Natural Resources Report (SoNaRR), published by NRW, provides the evidence base for the NRP. Area Statements, which are developed by NRW, are prepared in response to the NRP.

62. Ceri Davies said that NRW had developed an action plan in collaboration with stakeholders involved in the biodiversity deep dive, and NRW has some specific actions to take. NRW mapped critical areas of priority ecological networks, developed a protected sites portal, and worked with national parks and areas of outstanding natural beauty to deliver the requirements identified in the biodiversity deep dive.

63. Ceri Davies also explained that:

“we're working with the Welsh Government to administer a budget of around £45 million over the next three years to ensure that we're funding activities on the ground that are helpful in terms of where we need to be with the 30x30.

64. Clare Pillman mentioned that the biodiversity deep dive recommendations included a commitment to developing primary legislation to set overarching nature recovery targets for Wales, to be brought forward as soon as possible within the Senedd term. She also mentioned the need for a more comprehensive framework of targets over a more extended period and the establishment of an expert group to work on developing that framework.

65. Ceri Davies mentioned that NRW is currently working with the Welsh Government in an advisory capacity to identify what is needed for the NRP and the next SoNaRR.

Our view

The Committee notes NRW's comments concerning the Water Framework Directive. We encourage NRW to report back to the Committee on what it believes are the main challenges in achieving good status for all water bodies by 2027 and how NRW plans to overcome them. NRW should also explain how it will ensure the timely implementation and review of the River Basin Management Plans (RBMPs).

Pollution arising from agriculture has been a concern of this Committee throughout this Senedd term and we believe this should be a priority area for NRW. We recognise that NRW faces a considerable workload in enforcing agricultural pollution regulations and note the additional funding provided by the Welsh Government. The Committee suggests that NRW keeps under review the adequacy of staffing levels and resources for enforcing agricultural pollution regulations in the light of developing experience. NRW should also continue to explore opportunities to strengthen collaboration with stakeholders, including farmers and agricultural organisations, to promote sustainable practices that minimise pollution.

The Committee is concerned about the impact of unpermitted sewer discharges on water quality and public health. We encourage NRW to demonstrate progress in bringing unpermitted storm overflows within the regulatory regime and expedite the review of Storm Overflow Classification guidance. NRW should also continue to work closely with water companies to

improve infrastructure and reduce the frequency and impact of sewer overflows.

NRW's efforts to address phosphorus pollution in Welsh river Special Areas of Conservation (SACs) are to be commended. We suggest that NRW provides further details on the progress and effectiveness of the SAC rivers project and the national nutrient calculator. NRW should engage with local communities and stakeholders to develop and implement catchment-scale solutions for nutrient management.

The Committee commends the formation of the Better River Quality Taskforce and the publication of action plans addressing various aspects of water quality management. We encourage NRW to continue enhancing collaboration and coordination among stakeholders to drive rapid change and improvement in water quality. NRW should keep the Committee updated about the progress of these action plans and engage communities in water quality improvement initiatives.

We note NRW's efforts to designate inland waters for recreation and monitor water quality for public health protection. The Committee suggests that NRW expedites the development and testing of criteria for inland bathing waters and provides a clear timeline for their implementation. NRW should also engage with local authorities and tourism organisations to promote the responsible use of inland waters for recreation.

The Committee is concerned about the delay in publishing the first Report on the National Strategy for Flood and Coastal Erosion Risk Management. We encourage NRW to ensure that the delayed publication does not impact the planning and implementation of flood risk management initiatives. NRW should also address any reasons for the delay in future reporting cycles to ensure timely information sharing with stakeholders and the public.

Finally, we commend NRW's commitment to achieving the 30x30 target and other global biodiversity goals. The Committee suggests that NRW should provide updates on the progress and effectiveness of the action plan developed in collaboration with stakeholders for biodiversity conservation. NRW must continue to work closely with the Welsh Government to develop primary legislation, and a comprehensive framework of nature recovery targets for Wales and should regularly report to the Committee on its role in this regard.

Recommendations

Recommendation 7. Natural Resources Wales should provide a summary report to the Committee on the main challenges in achieving good status for all water bodies by 2027 and outline its plans to overcome them. This Report should also include NRW's approach to ensuring the timely implementation and review of the River Basin Management Plans (RBMPs).

Recommendation 8. Natural Resources Wales should regularly review the adequacy of staffing levels and resources for enforcing agricultural pollution regulations and Report on its findings. NRW should also strengthen collaboration with stakeholders, including farmers and agricultural organisations, to promote sustainable practices that minimise pollution.

Recommendation 9. Natural Resources Wales should demonstrate progress in bringing unpermitted storm overflows within the regulatory regime and expedite the review of Storm Overflow Classification guidance. Additionally, NRW should continue working closely with water companies to improve infrastructure and reduce the frequency and impact of sewer overflows. NRW should report on progress six months after the publication of this Report.

Recommendation 10. Natural Resources Wales should provide further details on the progress and effectiveness of the SAC rivers project and the national nutrient calculator. NRW should also engage with local communities and stakeholders to develop and implement catchment-scale solutions for nutrient management.

Recommendation 11. Natural Resources Wales should continue its work with the Better River Quality Taskforce and keep the Committee updated about the progress of action plans.

Recommendation 12. Natural Resources Wales should expedite the development and testing of criteria for inland bathing waters and provide a clear timeline for their implementation. NRW should also engage with local authorities and tourism organisations to promote the responsible use of inland waters for recreation.

Recommendation 13. Natural Resources Wales should ensure that the delay in publishing the first Report on the National Strategy for Flood and Coastal Erosion Risk Management does not impact the planning and implementation of flood risk management initiatives. NRW should address any reasons for the delay in

future reporting cycles to ensure timely information sharing with stakeholders and the public.

Recommendation 14. Natural Resources Wales should provide updates on the progress and effectiveness of the action plan developed in collaboration with stakeholders for biodiversity conservation. NRW must continue to work closely with the Welsh Government to develop primary legislation, and a comprehensive framework of nature recovery targets for Wales and should regularly report to the Committee on its role in this regard.