Agenda

Title of meeting:	**NRW Board Public Meeting**
Date of meeting:	**Thursday 22nd May 2025**
Time of meeting:	**13:05 – 16:00**

Time	Item
Preliminary Matters	
13:05 **(5 mins)**	**Item 1. Open Meeting** • Welcome • Declaration of Interests • Explain conduct of meeting Sponsor and Presenter: Sir David Henshaw (Chair) **Summary: To NOTE any declarations of interest**
13:10 **(5 mins)**	**Item 2. Review Minutes and Action Log** **2A. Review Minutes from Public 20th March Meeting** **2B. Review Public Action Log** Sponsor and Presenter: Sir David Henshaw (Chair) **Summary: To APPROVE the minutes of the previous meeting and the Action Log**
Setting the Scene	
13:15 **(10 mins)**	**Item 3. Update from the Chair** Sponsor and Presenter: Sir David Henshaw (Chair) **Summary: To NOTE the Chair's update to the Board**

13:25
(10 mins)

Item 4. Report from the Chief Executive

Sponsor and Presenter: Ceri Davies, Acting Chief Executive

Summary: To NOTE the current position and update the Board on key activities

Paper Ref: 25-05-B09

Governance, Risk and Assurance

13:35
(20 mins)

Item 5. Update Reports of Committees and Forums

Sponsors and Presenters: Committee Chairs

- Audit and Risk Assurance Committee – 16th May (Verbal)
- Evidence Advisory Committee – 7th May (Verbal)
- Finance Committee – 1st May

Paper ref: 25-05-B10

- Flood Risk Management Committee – 17th April

Paper ref: 25-05-B11

- Land Estate Committee – 15th May (Verbal)
- People and Customer Committee – No meeting
- Protected Areas Committee – 8th May Site Visit (Verbal)

- Wales Land Management Forum (Verbal)
- Wales Fisheries Forum (Verbal)
- Wales Water Management Forum (Verbal)
- National Access Forum for Wales

Paper ref: 25-05-B12

Summary: To NOTE the updates from the Board Committees and NRW Forums, both within and outside and meetings held

Delivering Our Plan

13:55
(20 mins)

Item 6. Finance Performance Report

Sponsor: Rachael Cunningham, Executive Director of Finance and Corporate Services

Presenter: Rob Bell, Head of Finance

Summary: To APPROVE the latest financial position

Paper Ref: 25-05-B13

14:15

Item 7. Place Presentation

Sponsor: Gareth O'Shea, Executive Director of Operations

(60 mins)	Presenter: Huwel Manley, Head of South West Wales Operations **Summary: To provide an overview of key activities in the South West region** **Paper Ref: 25-05-B14**
15:15 **(5 mins)**	**Item 8. AOB**
15:20 **(10 mins)**	**Item 9. How did we do in this meeting?** Sponsor: Sir David Henshaw, Chair **Summary: Review of the meeting**
15:30	**Close Meeting**
15:40 **(20 mins)**	**Public Q&A**
16:00	**Close Public Meeting**

Unconfirmed Minutes

Title of meeting:	NRW Board Meeting
Location:	Maes y Ffynnon and Teams
Date of meeting:	20 March 2025
Members present:	Sir David Henshaw Ceri Davies, Acting Chief Executive Geraint Davies Dr Pete Fox Prof Calvin Jones Lesley Jones Prof Rhys Jones Mark McKenna Helen Pittaway Dr Rosie Plummer
Executive Team Members Present	Prys Davies, Executive Director of Corporate Strategy and Development Sarah Jennings, Executive Director of Communications, Customer and Commercial Rachael Cunningham, Executive Director of Finance and Corporate Services Gareth O'Shea, Executive Director of Operations Dominic Driver, Acting Executive Director of Evidence, Policy and Permitting
Attendees present:	Phil Williams, Head of Governance and Board Secretary (All items) Meinir Wigley, Head of Communications and Digital Transformation (All items) Nadia De'Longhi, Head of Regulation and Permitting – Item 6 Martin Cox, Head of Operations – Item 6 Mary Lewis, Head of Natural Resource Management Policy – Item 6 Ruth Jenkins, Head of Development Planning and Marine – Item 6 Mark Collins, Business Finance Team 2 Manager – Item 7

	Dave Liddy, Lead Specialist Advisor, Estate Recreation Planning – Item 10
NRW Observers present:	None
Public Observers present:	Additional members of the public
Apologies:	Prof Steve Ormerod, Deputy Chair Kath Palmer
Secretariat:	Natalie Williams, Deputy Board Secretary and Board Secretariat Team Leader Rhiannon Spencer, Board Secretariat Team Andrea Bennett, Board Secretariat Team

Item 1. Open Meeting

Sponsor and Presenter: Sir David Henshaw, Chair

1. The Chair opened the meeting and explained the conduct of the meeting. Declarations of interest and apologies were noted as above.

Item 2. Review Minutes and Action Log

Sponsor and Presenter: Sir David Henshaw, Chair

Item 2A. Review Minutes from the 23rd January Meeting

2. The minutes from the public Board meeting on 23rd January were reviewed and agreed.

Item 2B. Review Public Action Log

3. The Action Log was reviewed and noted.

Item 3. Update from the Chair

Sponsor and Presenter: Sir David Henshaw, Chair

4. The Chair noted that this was Rosie Plummer and Geraint Davies' last Board meeting. Notice had also been received from Clare Pillman that she would be retiring from her role as the Chief Executive and Accounting Officer. The Board offered their thanks to Clare, Geraint and Rosie for all their contributions to NRW.

5. The Chair, Acting Chief Executive (ACEO) and Executive Director of Finance and Corporate Services (F&CS) had attended the Climate Change, Environment, and

Infrastructure Committee to give evidence. The current issues and the challenges with the increase in funding had been discussed.

Item 4. Report from the Chief Executive

Sponsor and Presenter: Ceri Davies, Acting Chief Executive

6. The Acting Chief Executive (ACEO) provided an update on items in addition to the written Report. Thanks were recorded for the Executive Director of Operations (Ops), the Head of Flood and Incident Risk Management and the Head of Strategic Projects who had also presented to the Climate Change, Environment, and Infrastructure Committee on storm events. NRW had also been asked to appear in front of the Welsh Affairs Committee in early April to give evidence into the inquiry into industrial legacy and contaminated land.

7. The ACEO and the Executive Director of Ops were liaising with Local Authorities and the Welsh Local Government Association (WLGA) following the 2024-25 storm events. There were regular meetings with Rhondda Cynon Taff Executive Team and Leader to take forward storm resilience and effective collaboration.

8. The ACEO was also meeting quarterly with Audit Wales who were providing oversight of the enhanced monitoring arrangements with Welsh Government (WG). They were also interested in NRW's work on the proposed new National Park.

9. NRW was working closely with WG with a particular focus on water quality. The Special Measures Bill, the John Cunliffe Commission, and the work on the Deputy First Minister's summits on water were all highlighted.

10. The Board welcomed the Report, in particular the summary of complaints, commendations, and correspondence section, and congratulated the ICT team for the cyber assurance. The Land Stewardship placements were welcomed, and it was queried if placements would be utilised in other areas of the organisation. The dark skies guidance was also welcomed. It was also highlighted that the Executive Director of F&CS was leading work to look at a mixed economy model that included the use of placements, secondments, and other mechanisms for resourcing.

11. The Board recorded their thanks for the Evidence Conference and the key outcomes for evidence were outlined.

12. Clarity regarding the term 'ambitious for delivery' in the 30 by 30 section of Report was sought. NRW always strived to go further than what was expected and the work within Land Stewardship to review the estate was outlined. It would be important for NRW to lead the way and deliver its remit whilst looking for opportunities through the effective area-based conservation measures. As NRW cared for 7% of land in Wales, there was an opportunity to put forward land for 30 by 30 and towards the recovery of nature.

Item 5. Update Reports of Committees and Forums

Sponsors and Presenters: Committee Chairs

13. Helen Pittaway, Chair of the Finance Committee (FC) updated the Board on the meetings held on 6th February and 5th March. Many of the items had also been presented at Board and included the financial approvals, Financial Performance Report and 2025-26 Budget and Business Plan. In addition to these there was a deep dive on Strategic Risk 05 – Failure to Achieve Financial Stability, and updates on Programme and Projects Management, the Contract Management Support Service and NRW2030.

14. Pete Fox, Chair of the Flood Risk Management Committee (FRMC) provided an update on the joint FRMC and Land Estate Committee (LEC) meeting held on 11th February. There were two strategic discussions on the Flood Capital Programme and Internal Drainage Districts (IDD). There would be a further joint meeting in the autumn. The IDD model had been discussed and should be reviewed in terms of their relevance. As this was a legislative matter WG would be central to discussions and it was recommended that IDDs were again discussed at an upcoming Sponsorship meeting.

15. Mark McKenna, Chair of the People and Customer Committee (PCC) updated the Board on the 19th of February meeting including the current risks and issues, the customer platform, recruitment challenges and visitor safety at waterfalls. A site visit would be arranged for September's meeting that all Board members were invited to. The Committee approved the Diversity and Inclusion Report and the Pay Gap Report. Rosie Plummer had been thanked for her contribution.

16. Rosie Plummer, Chair of the Protected Areas Committee (PRaC), provided an update on the PRaC meeting held on 13th February which included items on the Teifi Demonstrator Project and 30 by 30. Concerns regarding the pace and resource of 30 by 30 had been expressed by the Committee as well as that 30 by 30 targets were based on numerical aspects and did not consider areas such as condition of site. There was also a warning letter regarding the maintenance of a flood asset at a Site of Special Scientific Interest (SSSI) that had been passed to FRMC to scrutinise.

17. Geraint, Chair of the Wales Land Management Forum updated the Board on the meeting on the 4th of March. There had been presentations from WG and the National Trust on public rights of way, and path and trail mapping, respectively. The work provided opportunities for joined up thinking which could be vitally important. There was also a people and nature survey that mainly focused on the Covid 19 period. It was confirmed that Lesley Jones was now the Chair for the Forum and noted the positive messages from the members on the value of the forum and the contributions from Geraint Davies and Rosie Plummer.

18. Rhys Jones provided an update on the sub-group of the Wales Land Management Forum. The decision had been taken to mainstream the work of the sub-group and bring the work back to main group. A final meeting would take place in April when a report on agriculture management would be discussed. The importance of the main Wales Land Management Forum to feed into the Deputy First Minister's summits was highlighted.

19. Lesley Jones provided an update on the Enabling the Environment Sector Forum. The group had not met as the team were impacted by the Case for Change. The direction of the Forum would be discussed with the ACEO.

Item 6. Strategic Discussion: Regulation in a Time of Growth

Presenter: Nadia De'Longhi, Head of Regulation and Permitting; Martin Cox, Head of Operations; Mary Lewis, Head of Natural Resource Management Policy; Ruth Jenkins, Head of Development Planning and Marine

20. The Acting Executive Director of Evidence, Policy and Permitting (EPP) introduced the item. The Board were asked to discuss the implications of NRW's changing operating environment to achieve the benefits envisaged in the Corporate Plan.

21. The Head of Natural Resource Management Policy provided an update on the existing pressures on both the societal and environmental needs. The regulatory and advisory services within NRW were currently feeling the pressure to provide answers to questions being sought by government and the public. It was recognised that NRW's decisions on climate change would have a national and global significance, and would be required to use areas such as renewable energy to deliver climate change. There was a need to consider how NRW would respond and move beyond local trade offs to ensure the environment would not lose. This could be done strategically using regulatory tools to address nature issues proactively, as well as environments.

22. The Head of Regulation and Permitting updated the Board on the time of growth. Regulators, such as NRW were required to implement a framework set by the Government. NRWs role was to influence Government on how to improve and amend the framework, to address any issues that arose. The challenges involved in amending this was highlighted. It was important that NRW had the capacity to engage early on with developers to understand the potential issues and develop alternative progression options, that could balance socially economic and environmental needs better. Better funding and resourcing could help NRW to deal with the challenges identified, to move forward as a regulator.

23. The Board discussed how NRW could influence the Government on the appropriateness of the legislative framework, where it needed to be modernised, and how to be viewed as an enabler in the current frame. It was important for NRW to become part of the process and begin discussions early. NRW were in a difficult position and had a duty to the environment of Wales and the Future Generations Act.

24. The balance of investment was also discussed, whether NRW should invest more funds in the upfront work to make quicker decisions. It was queried whether the ability to use experimental powers had been tested, and could NRW deal with the timescale to change the framework if we could obtain a stronger position, using an adaptive management approach.

25. There were opportunities to help NRW to design different ways to move forward. It was suggested that NRW could move into a solution based way of working, which could help to improve public engagement with both stakeholders and other public sector bodies (PSB's).

26. The Board queried what would be required to influence a change in the current policies and levers, to meet the global targets in areas such as nature recovery and minimising pollution for water quality. It was suggested that the farming industry was a willing partner to progress if they could be involved in the process.

27. NRW's relationship with customers was important and it was suggested that providing customers with an explanation of why decisions were being made, could improve the extent of the relationship to reflect the change in circumstances.

28. The Board discussed whether NRW were making a difference with the decisions they made. There was information within the product framework area, with tools available to help delivery and speed up processes. NRW were the primary regulator for Wales and would assist others to work in the same way. Funding and the current resource constraints were highlighted and this created more pressure to make decisions quicker.

29. Investment money was being receiving from WG in relation to the Wales Infrastructure Act and the Regulation team were identifying the best use of the available tools within the Act. The Board discussed how they would be updated on the progress areas.

30. The Board welcomed the discussion and supported the work carried out by the teams.

Item 7. Finance Performance Report

Presenter: Mark Collins, Business Finance Team 2 Manager

31. The Executive Director of Finance and Corporate Services (F&CS) introduced the item. The Business Finance Team 2 Manager provided an update on the latest financial position and noted the change in the latest forecast, from £275.3m to £294.6m. The reasons for the increase were explained, as well as the expenditure which was behind the year to date forecast by £3.1m, and the income, which was broadly in line to profile.

32. There had been concerns regarding underspend, as a result the Executive Team had increased over programming to £1.6m. The opportunities within the key programmes were identified including the potential utilisation of underspend within the Flood and NRW2030 budgets for other areas. Further updates were provided on the Timber income, IR35 budget cover, the Case for Change budget cover, and the savings from recruitment controls.

33. The Board registered that the Report format had been clear and easy to understand. The term reserves were queried as NRW did not have reserves. A new term would be used in the future.

DECISION: The Board approved the change in the latest forecast from £275.3m to a forecasted £294.6m.

DECISION: The Board approved the Financial Performance to the end of January 2025.

Item 8. Business Plan Performance Dashboard Quarterly Update

Presenter: Ceri Davies, Acting Chief Executive

34. The ACEO introduced the item and provided an update on the Business Plan Performance Dashboard. The work done on the Dashboard by the Corporate Strategy team was recognised and there was now a requirement to test and implement the new format. The impact statements and strategic indicators were included and would be implemented in the next financial year.

35. The Q3 reported position had been updated, including the anticipated year-end position. Additional work had been done throughout the year to align both NRW and WG, following the change in government in various work areas.

36. Each Director would lead a Wellbeing Objective (WBO) and would discuss and review the overall performance, including how the WBOs could be delivered intercollectively. The Board would be sighted on the way forward, not only focussing on the steps to take in the Business Plan, but also the metrics within business as usual (BAU) activities to help NRW to deliver.

37. The Acting Executive Director of EPP highlighted each metric Red, Amber, Green (RAG) rating for the WBO1. Good progress had been made and five out of the eight metrics had been reported as Green. There was ongoing work for the metrics that had been given a Red or Amber rating and it was noted that the recruitment freeze and the CfC required the teams to prioritise other work.

38. The Executive Director of CCC provided update on WBO2. There had been a number of staff vacancies in this area, without the ability to recruit. The team were working on an improved position into the next year, following the lifting of the recruitment freeze. Restorations were ongoing across Wales on the land NRW managed and the top priority sites were progressing well. Progress on the metrics had reduced in this quarter, with seven out of nine metrics given an Amber rating.

39. Concerns had been raised in relation to the understanding of the benefits of climate interventions with climate literacy. It was confirmed that although there had not been much interest for carbon literacy roles, training had been taken on board by a high number of staff. There would be a delay from training and implementing, but staff were motivated to carry out the recruitment.

40. The Executive Director of Operations updated the Board on WBO 3 and highlighted that five metrics were given an Amber rating and four were rated Green. In relation

to metric C21, it was queried how far NRW adhered to the catchment interventions centrally. The team were reporting against the steps to take.

41. The Board discussed the numbers in relation to the Compliance Inspection Programme, which had recently improved. There was evidence to suggest that the Programme was proactive and staff were attending incidents where the impact was limited or passed.

42. It was suggested that the ratings given to metrics C17 and C18, could trigger further action from WG to change the policy to invest infrastructure for NRW to be compliant.

43. The Internal Performance Report was outlined. The two measures around the Programme Management Office (PMO) and Procurement were noted. ET were discussing the PMO KPIs, Contracts and Procurement Key Performance Indiciators, and the delivery of these. The mock up section within the paper was highlighted and the team would provide additional information regarding the BAU work, any issues identified and what work would be done to balance the issues.

44. The Board approved the Business Plan Performance Dashboard Quarterly Update (Q3).

DECISION: The Board approved the Business Plan Performance Dashboard Quarterly Update (Q3).

Item 9. NRW on X (Formerly Twitter)

Presenter: Meinir Wigley, Head of Communications and Digital Transformation; Lynette Bowley, Team Leader, Campaigns and Projects

45. The Executive Director of Communications, Customer and Commercial (CCC) introduced the item. The Team Leader, Campaigns and Projects provided an overview of the approach on NRW's future presence on X (formerly Twitter). The recommendations provided had been based on the consideration of leaving X and to either deactivate, scale back the use or continue to use the platform.

46. The Board suggested that Option B, to scale back to use of X, could be the best option but the team should review this over time. The timescales on this decision should also be reviewed.

47. It was noted that other organisations were also looking into the use of X, and had been looking at Bluesky as an alternative platform to use, it was suggested that NRW could also use this platform. The team were reviewing the Social Media Handbook for the various platforms; the principals would be shared with the Board once they had been agreed.

48. It was suggested that a version of the Communications papers presented to the PCC could also be shared within the CEO Report at future Board meetings.

49. The Board approved Option B as the approach to NRW's future presence on X.

DECISION: The Board approved Option B on the approach to NRW's future presence on X (formerly Twitter).

Item 10. Motorsports on the Land in the Care of Natural Resources Wales

Presenters: Dave Liddy, Lead Specialist Advisor, Estate Recreation Planning

50. The Executive Director of Evidence Permitting and Policy (EPP) introduced the item. The Lead Specialist Advisor, Estate Recreation Planning provided information on the context of motorsports on the land in NRW's care and outlined the four options in the paper including the recommended option to renew the Master Agreement and further insulate NRW from the administration of motorsports on WG owned land. The recommended option was supported by the Recreation Strategy direction to limit the amount of NRW resource for such activities.

51. There was support for the recommended option but with encouragement in the Master Agreement for organisers to strive for continuous environmental improvement, with a focus on carbon footprint. However, the development of motorsports in this way was recognised as limited. The ask by WG to continue motorsports on the land in NRW's care was acknowledged.

52. There was support for option 2 as outlined in the paper, as this would drive more ambitious sustainability goals. A hybrid option of 1 with sustainability elements of 2. was also suggested.

53. The Board were reminded that WG were the landowners and had made their position clear on the continuation of motorsports on the land in NRW's care. It was suggested that the position aligned to option 1.

54. Further to the discussion on including elements of option 2, the difference between the two options was explained. Motorsports UK had sustainability proposals in place, the recommended option 5.1 would require them to resource the monitoring and reporting, with an element of oversight by NRW, whereas option 5.2 would require NRW to resource the monitoring and reporting of activities.

DECISION: NRW approved the recommendation of option 1 (paragraph 5.1) in the Motorsports on the Land in the Care of Natural Resources Wales paper.

Item 11. Wellbeing, Health and Safety Quarterly Report

Presenter: Charlotte Morgan, Wellbeing, Health and Safety Manager

55. The Board reviewed and approved the Wellbeing, Health and Safety Quarter 3 Report.

DECISION: The Board approved the Wellbeing, Health and Safety Quarter 3 Report.

Item 12. AOB

56. There was no AOB discussed.

Item 13. How did we do in this meeting?

Sponsor and presenter: Sir David Henshaw, Chair

57. The Board welcomed the format of the meeting and agreed it had been an effective meeting.

Meeting Closed

Public Q&A

58. The Chair introduced the public Q&A session.

59. The Executive Director of Communications, Customer and Commercial provided a response in relation to the visitor centres in response to the questions raised by members of the public.

60. The Acting Executive Director of Evidence, Policy and Permitting provided a response in relation to a question raised regarding the recent historic High Court ruling that manure from livestock farming must be classified as industrial waste.

61. The Executive Director of Operations provided a response to a question raised regarding polychlorinated biphenyls (PCB's). An update was provided on the two specific PCB sites that had been mentioned.

Public Meeting Closed

Board Action Log – Public

Action No.	Meeting Category	Meeting Date	Item No	Para No	Paper Sponsor	Action	Owner	Due	Status	Notes/Updates
7	Public	23/01/2025	6	25	Sir David Henshaw	ACTION: The Chair and the Head of Governance and Board Secretary to review how the public Q&A sessions would be facilitated in future meetings and bring a proposal back to the Board.	Phil Williams, Head of Governance and Board Secretary	19/03/2025	Completed	SUGGEST TO CLOSE: This was presented at March Board and the Public Q&A would continue whilst the other methods were begin developed.
8	Public	23/01/2025	9	34	Rachael Cunningham	ACTION: The Wellbeing Health & Safety Manager to clarify if the LMS could be shared with external audiences.	Charlotte Morgan, WH&S Manager	19/03/2025	Ongoing	

NRW Board Paper

Date of meeting:	22 May 2025
Title of Paper:	Chief Executive's Report (Public Session)
Paper Reference:	25-05-B09
Paper presented by:	Ceri Davies, Acting Chief Executive
Purpose	Information and discussion
Summary	The paper provides the Board with an update on current issues.

Introduction

1. The Spring months have brought not only some very pleasant weather, but also a positive sense of energy and optimism across the organisation. The final stages of our Case for Change process are taking place, and we are still investing considerable time and attention to ensure we follow due process and make the right decisions. Many colleagues who were impacted by the change process have now moved into new roles within the organisation and new teams are beginning to take shape. Recruitment has opened up again and our People Services teams are working hard to ensure this happens as smoothly as possible. While change and improvement will continue, we are now able to focus more intently on delivering our Corporate Plan objectives.

2. At the start of April, we held an Executive and Leadership Team meeting at our Aberystwyth office. This was a valuable opportunity to regroup and share our thoughts about the values, culture, leadership and ways of working we want to demonstrate in our own behaviours, and instil in our teams. We will continue to build on these discussions as a team and within directorates over the months ahead.

3. While at the Aberystwyth office, I took the opportunity to meet and chat informally to colleagues, which I enjoyed. I have also spent time at our Monmouth office and at Cathays Park in Cardiff. My Executive Team (ET) colleagues are making a similar effort to visit different offices, providing the opportunity for people to ask questions and better understand our priorities and direction. The monthly Managers' Update calls now include high-level updates from ET, again providing

greater accessibility and transparency. The sessions are interactive and we have had good feedback about their tone and content.

4. Early in April, I attended a Welsh Government (WG) Senior Stakeholder meeting in connection with the Independent Water Commission. This included the Chief Executives, or their representatives, of Dŵr Cymru Welsh Water (DCWW), Hafren Dyfrdwy, Ofwat, the Drinking Water Inspectorate and Consumer Council for Water. It allowed us all to share the contribution to be made to the Commission's work and the need to highlight potential differences in the regulatory regime in Wales compared to England. There is more on our submission into the Commission below.

5. With my ET colleagues, I attended a joint session with the executive team at DCWW, held at their Llanishen and Lisvane Reservoirs visitor centre, to share best practice in leadership and learn about how they plan to invest £1.7 billion over the next five years to improve water quality and the environment in Wales. This process of learning from other organisations will continue with a joint session with the National Trust's executive team in early June.

6. The first of our Water Governance Forum meetings was also held in April. The Forum brings together the chairs of NRW, DCWW, Hafren Dyfrdwy and Ofwat and on this occasion we were joined by the Deputy First Minister (DFM), for agenda items including water governance in Wales, the best ways of working together and the potential for nature-based solutions. The DFM expressed his expectation that the group should produce a vision focused on activities and outcome that will make a real difference to water quality in Wales. Our Teifi Catchment Demonstrator Project was also discussed, alongside our recent water quality data release and the initial work of the Independent Water Commission.

7. In April, Dominic Driver, Executive Director for Evidence, Policy and Permitting, attended the Environment Protection Agency (EPA) Network Plenary in Vienna, Austria. This conference of European environmental protection agencies is a valuable opportunity for us to engage with colleagues across Europe on a wide range of important topics. We have the honour of hosting the next Plenary, in October, and planning is well underway to ensure this is an informative and enjoyable conference for attendees. There is more on this below.

8. During the first week of May, we held a Board Induction and welcomed our three new Board members, Dr Hushneara Begum, Dr Rebecca Colley-Jones and Adam Taylor. Having fresh perspectives and experience on our Board is always very welcome and we want non-executive directorship with NRW to be a good experience from the outset. The induction provided an early and broad overview of the role and responsibilities of NRW Board members, our organisation and our work. The second day included governance training, which allowed ET colleagues and myself to improve our knowledge particularly of the Accounting Officer role. Our new Board members will be spending time learning more about NRW, visiting our sites and meeting teams over the months ahead.

9. In May, I attended ENCA35 in Brussels. This is the annual conference of the Environmental Network of Heads of Nature Conservation Agencies, a smaller group than the EPA but with the same aim of sharing expertise and best practice and collaborating in respect of current and future environmental challenges. The theme of the conference was “nature restoration as a key element of transformative change for nature” and on the second day, NRW’s Nick Bialynicki-Birula led a thought-provoking session on transformative change for nature.

10. During April, I met with Dr Andy Fraser, WG’s Deputy Director of National Security and Resilience, and separately with Philip Bowen, Deputy Director of Digital Policy and Delivery. I also continue to speak regularly with Claire Bennett, Director of Climate Change and Environmental Sustainability. In May, I had an introductory meeting with Rebecca Godfrey, the new Interim CEO of the Welsh Revenue Authority, and met with Professor Lynda Warren, the new Interim Environmental Protection Assessor for Wales.

Strategic Issues

Independent Water Commission Call for Evidence

11. The Independent Water Commission (IWC) chaired by Sir Jon Cunliffe aims to deliver a long-term approach to resetting the water sector and ensuring it meets the needs of customers and the environment and will form the basis of further legislation. The IWC is primarily considering the regulatory system in relation to the water industry and Water Framework Directive.

12. We have been working with the Commission, which issued a wide-ranging call for evidence to which we responded on 23 April. Our response highlights the need for an integrated approach to water management, a long-term approach to water planning, and a flexible framework proportionate to the scale of the issues within Wales. The next steps for the Commission are an interim report by the end of May highlighting their key recommendations, and a final report in the summer. We will continue engaging with them as they develop and share their recommendations for Wales.

European Environmental Protection Agencies (EPA) Network Plenary

13. Dominic Driver, Acting Executive Director for Evidence, Policy & Permitting, represented NRW at the EPA’s Network Plenary in April. The conference was hosted in Vienna by Umwelt Bundesamt, Austria’s Environment Agency. Dom chaired a conference session on Network activities since the previous meeting, led a breakout session and updated the conference on the proposal for the October Plenary, to be held in Cardiff and hosted by NRW.

14. Highlights included sessions on the role of trust in transformation and the implications of artificial intelligence for environmental agencies; an online address from the Ukrainian Ministry of Environmental Protection, still trying to protect the

environment in a time of war; and valuable opportunities for discussion with colleagues from across Europe.

15. The next Plenary will take place in Cardiff Bay in October. The agenda is set by a Troika of the outgoing host (Austria), current host and next host (Croatia), supported by the EPA Secretariat. We are proposing a focus on sustainable management of industrial legacy and trends in the state of the environment using our own State of Natural Resources Report and the European Environmental Agency's Europe's Environment 2025 report.

Landfill Emissions Reduction Programme (LERP)

16. NRW has been represented at a Future Fund Secondment knowledge transfer session with the South African Western Cape and Cross River State Government. The Future Fund is a source of climate funding, supporting subnational governments in developing and emerging economy regions on their journey to reach net zero emissions by 2050. NRW and WG have supported the fund with peer learning.

17. Andy Rees, WG's Head of Waste Strategy, gave an overview of the policy journey to reduce the landfilling of biodegradable municipal waste in Wales, while NRW's Mostyn Wall provided an overview of landfill gas impacts and how we are improving its capture to minimise methane emissions. The results and impact of the LERP project have impressed WG and opened doors to this opportunity to share our experience in a global forum. LERP results in gas flaring data are also opening potential future collaborations with Defra and further Future Fund peer learning.

Future Generation Commissioner's Recommendations Report

18. We have been supporting the Future Generations Commissioner (FGC) in the creation of their Statutory Recommendations Report to WG, which was published on 29 April at an event attended by NRW Board member Lesley Jones. Recommendations relating to climate and nature are:

- WG should:
  - Introduce a statutory headline target for Nature Recovery by 2050
  - Develop an integrated Marine and Land Use Framework
  - Expand the role of Catchment Partnerships
  - Provide NRW with powers for civil sanctions
  - Activate private sector finance
  - Ringfence environmental fines to fund nature and climate action

- Public bodies should:
  - Prioritise climate resilience, net benefit for biodiversity, and pesticide reduction in how they manage their estates

- Collaborate with the community energy sector by releasing land for joint ventures and purchasing electricity from local renewable projects
- Climate resilience and adaptation must become a core public service priority. By the end of 2027, Public Services Boards should assess climate risks, updating their findings every five years as part of their well-being assessments. Public bodies must integrate these findings into their planning
- Be deforestation free by 2028 and ensure supply chains do not contribute to deforestation, habitat loss or human rights violations

Operational Issues

Monmouthshire and Brecon Canal

19. A provision of the Water Act (2003) regarding previously exempt abstractions was enacted in January 2018. This changed the way canals can draw water from rivers, though it did not stop abstraction. Navigation authorities that had been exempt from requiring abstraction licences were then given two years to submit applications.

20. Canal & Rivers Trust (CRT) submitted applications for the Monmouthshire and Brecon Canal, and NRW granted the abstraction licences in line with the December 2022 deadline, with conditions designed to protect the ecological integrity of the River Usk and the Severn Estuary Special Areas of Conservation (SAC). In January 2023, CRT appealed to Planning and Environment Decision Wales (PEDW) against two specific conditions in two of the licences, suspending them until a decision was reached. Following a hearing on 15 October last year the appeals were dismissed by PEDW on 18 November, affirming that the conditions were necessary to protect the ecological integrity of the River Usk and the Severn Estuary SAC, and bringing them into force.

21. Following the appeal, we are now establishing our regulatory approach with CRT at a more local level. In the absence of any viable current alternative, CRT need to use water from Dŵr Cymru Welsh Water's licenced abstraction when flows allow, to maintain levels in the canal. There will be times (at low flow) when DCWW won't allow this, but when they do, they will need to charge CRT at the commercial rate. CRT have indicated this is likely to be unaffordable for them, and have written to the Deputy First Minister regarding the situation, advising that the future of the canal is in serious doubt.

22. In the light of significant interest from political representatives, local councillors, media and other stakeholders, we are seeking to ensure understanding the context for these changes and our role and remit in the issue. Whilst we are not involved in any potential commercial arrangements for providing alternative water supplies for the canal or in determining the associated cost (as these are matters for CRT and DCWW), we have worked hard with CRT and other key stakeholders, including DCWW, to facilitate an environmental solution throughout the period

since the implications of the legislative changes were identified. Regulating water abstraction is complex and must be based on robust evidence; our priority has been to protect the ecological integrity of the River Usk and the Severn Estuary SACs and ensure that any abstraction is environmentally sustainable.

23. Whilst recognising our regulatory role, we remain committed to working collaboratively with CRT, engaging at senior level and with the technical group convened by them, to help inform any potential solutions to manage water abstraction in a way that supports the long-term health and resilience of the river.

Eisteddfod

24. In early April, the organisers of the Eisteddfod submitted a licence application in respect of the Wrexham site on which this year's event will be held. The Eisteddfod is due to start in mid-July and could result in the disturbance of great crested newts on the site.

25. To achieve a quick turnaround with the application, our Protected Species team had engaged with the consultants employed by the Eisteddfod, and our Licencing team was able to fast-track the application. The licence was issued on 14 April and will run from 1 June, with conditions assuring the protection of the great crested newts, a European protected species. The Eisteddfod will use specialist newt sniffing dogs and fencing to minimise any impact. Any breach of the conditions will be a matter for North Wales Police to enforce.

Trefil Quarry Extension, Blaenau Gwent

26. This was an application to extend a limestone quarry in Blaenau Gwent. We objected due to damage of the special interest features of the Mynydd Llangynidr SSSI, designated for its nationally important geomorphological interest (Karstic limestone). The committee report fully noted our objection and assessed the implications for the SSSI. Whilst there is a presumption against development on a SSSI, there is also significant policy guidance about security of mineral supplies.

27. On balance the Planning Committee of the Local Planning Authority (LPA) resolved to approve the application. Since the resolution, the SSSI has been significantly enlarged and re-notified as "Mynyddoedd Llangynidr a Llangatwg, Cefn yr Ystrad a Comin Merthyr", an amalgamation of three existing SSSIs at Mynydd Llangynidr, Mynydd Llangatwg and Cwar yr Ystrad a Cwar Blaen Dyffryn. The extensive boundary enlargement (an increase in overall extent of over 4500 hectares) was selected for over fifty individually qualifying geological and biological features, covering various habitats, species, assemblages and geological forms.

28. Due to the circumstances, the LPA were required to notify WG of their intention to grant the application, with WG afforded the opportunity to 'Call In' the application for review. WG decided against doing so, consequently the permission will be formally issued by the LPA.

New Ways of Working

29. While implementing the Case for Change, we also continue to evolve our ways of working. Our response to the consultation stated that, “we will have to continually adapt our ways of working, being agile and flexible in the face of changing circumstances and testing innovative tools and approaches”. Two examples are provided here:

- **Risk-based approach to incident response**

  We are moving toward full implementation of our risk-based approach to incident response. This was discussed with the Board during an update on Wellbeing Objective 3 in March 2024, and the change was included in our Case for Change as part of the new ways of working. The change is significant for our teams, the public and ultimately the environment, and necessary if we are to focus our resources on achieving the outcomes we want.

  The change is part of a circa 25% shift of the Place Environment teams’ staff resources from unfunded Grant in Aid work to charge-funded work. We soft-launched from 1 April by asking colleagues to think about the principles and to question attendance at pollution incidents, focusing only on High Category incidents where we can have an impact in terms of limiting further environmental harm or for enforcement reasons.

  Full implementation is planned for 1 July with policy changes, revised guidance and engagement with our teams on what it means in practice. There will also be internal and external communications, including a Board webinar, to explain the changes.

- **Simplified approach to allowing activities on the land in our care**

  A commitment to reform our processes for permitting others to deliver events and activities that improve the mental health and physical wellbeing of our communities, whilst ensuring they are happening in the right place and at the right time, was included in our Strategy for Recreation.

  The change is significant for our teams in Land Stewardship and our Contact Centre, with the latter processing and triaging initial permitting requests. We have involved our Legal and Health & Safety teams in developing the new approach, which we plan to launch from 1 May. Revised guidance has been developed, and we are working with Contact Centre staff and place-based teams to help them understand and implement the changes.

Wildfires on the Land in our Care

30. In March and April, the Fire and Resue Services (FRS) across Wales reported circa 1,400 wildfires. Most of these were small scale and had limited impact. The

largest fire in Wales so far this year was above Tywi Forest and encompassed over 5,000 hectares.

31. We reported 23 fires affecting the land in our care. Our staff worked hard in and out of hours to support FRS. Initial estimates are that around 100 hectares of trees newly-planted after clearfell harvesting ('restock') have been burned, that could cost around £500,000 to restore. Replanting will be carried out in future years and may involve stopping or delaying other planned works. Other habitats damaged on the land in our care include spoil tips, heathland and peatland.

32. Place based teams will continue to assess the damage, build work programmes and report back to allow central data collation and review. The quality of our incident response demonstrates the benefit of the investment we have made in rotas, training, procedures and our relationship with FRS. There are examples where it looks like the modifications we are making to the design and management of our more vulnerable sites, especially forests in the South Wales Valleys, are helping to contain the fires.

33. The pre-climate change 'normal' wildfire season was March to end of May but with our changed climate this is almost certain to extend into August. Summer wildfires are probable, if not this year then in future years. These tend to be more intense and are more likely to become dangerous canopy fires than the ground-level fires usually seen in springtime.

34. Arson is the main cause of wildfires. However, it appears that this year a large number were caused through inappropriate 'controlled' burns. We will meet in June to consider the advice we could provide to WG regarding the burn code, the Sustainable Farming Scheme and whether there were any breaches of legislation under the remit of NRW.

Proceeds of Crime Funding for Apprentices

35. Funds raised from Proceeds of Crime hearings following successful prosecutions for environmental offences for waste, fisheries and illegal felling have been used to fund apprenticeships in NRW. Six apprentices have successfully completed their Level 3 apprenticeships in Environmental Conservation whilst working alongside enforcement officers in operational teams and gaining valuable experience in our enforcement and regulatory processes.

Nature and Climate Emergency Programme

36. The Nature and Climate Emergency Programme has concluded its fifth year of fantastic delivery across Nature Networks, peatlands, water quality, fisheries, metal mines and the National Forest. We have again delivered the full allocated budget of £27.5 million thanks to some amazing people with a passion for putting things right for nature and climate. Over the last five years, there have been over 400 different projects with partners across Wales helping to improve our rivers,

bring our Sites of Special Scientific Interest into better condition and restore peatlands. All of this has been made possible with the funding from WG. The programme is continuing for at least the next three years with funding for water quality and peatlands already confirmed.

LIFE Projects

37. Two of our five LIFE projects ended in 2024. The Welsh Raised Bogs LIFE project final report was submitted in September and the final payment from the EU of €1,231,987 was received in March this year. The Sands of LIFE final report was submitted in early April this year and we expect to receive the final payment later in the year.

38. Whilst the projects have ended, the focus now shifts to the delivery of the After LIFE plans, which set out how we will maintain and build on the investments made under the LIFE projects to 2029.

Nature Networks Fund (Round Four)

39. The Nature Networks Fund is a key component of the Nature Networks Programme launched in 2021. It supports WG's commitment to the Global Biodiversity Framework ‘30 by 30’ goal, which aims to protect 30% of the planet's land, freshwater and seas by 2030. The Fund awards grants from £50,000 to £1 million and is run in partnership by the National Lottery Heritage Fund (NLHF), WG and NRW.

40. WG recently announced the final group of successful projects concluding applications for Round 4 of the Fund. Over the course of the application window, more than 100 projects were put forward to NLHF, demonstrating the significant interest in the delivery of action to protect nature. NRW provided support for the assessment process involving operational and policy specialist input. Ultimately, forty applicants were invited to submit a full project application. Eleven projects were awarded funding of between £50,000 and £250,000, totalling approximately £2.7 million. Thirteen further projects were awarded funding of between £250,000 and £1 million, totalling over £10 million.

41. Projects awarded funding included initiatives to protect the bottlenose dolphins, support curlew populations, restore woodland habitats and safeguard important fish species across Wales. There are also projects that local communities can actively participate in and benefit from – such as the building of a Nature Recovery Education Centre for school engagement and survey and monitoring training for volunteers. All decisions are available on the NLHF website (approvals and rejections).

Internal Issues

Perform

42. The new Perform module was launched in our Learning Management System (LMS) on 1 April. The module is designed to be flexible and to help colleagues to get the most out of their Sgwrs / performance conversations and reviews. It can be accessed from NRW laptops and phones, and interacts with the LMS to provide a single dashboard for performance, learning and personal development. We are also creating templates for recording competencies and other people management processes, such as Probation and Work & Wellbeing Passports.

Communications

Corporate Communications

43. This period has seen the start of the final stages of the Case for Change process. We have continued to work with colleagues across the business to manage engagement and communication around the recruitment and redundancy processes, and to update the public and stakeholders regarding the ceasing of retail and catering services at our Visitor Centres. While this issue has continued to attract negative reaction from campaign groups, we have maintained our engagement with them and endeavoured to communicate positive progress updates on future provisions at the sites as often as possible.

44. We also worked closely with the Executive Team and Chair to communicate Clare Pillman's decision to retire to colleagues and to the media. We worked in partnership with the public sector across Wales to highlight our support for the Bereavement Charter for Wales.

Annual Omnibus Survey

45. As part of our ongoing work to understand and improve how NRW is seen by the public, we commissioned an Omnibus survey to give a snapshot of public awareness, understanding and sentiment towards the organisation. The results show good top-level recognition but also a gap between awareness and deeper understanding of our role. Overall opinion was mostly positive, with 46% rating us as good or very good, and just 6% negative – though many remain neutral or unsure, reinforcing the need to better explain what we do and why it matters. The findings will be shared with the People and Customer Committee, and we plan to repeat the survey next March to track progress over time.

Communities are Resilient to Climate Change

46. A period of prolonged dry weather has seen a surge in wildfire incidents which have impacted the land in our care. We have supported FRS in sharing incident-

specific messages, highlighting where our colleagues' expertise and knowledge, and our helicopter, have supported the firefighting efforts. This period has also provided the platform to share messages about the impact fires have on the environment and facilitated media opportunities for broadcasters that have helped share key adaptation and mitigation messages.

47. Climate change impacts on waterways were highlighted by the water shortage in the Brecon and Monmouthshire Canal. We have dealt with a number of media enquiries regarding our role in this process, ensuring media understand our regulatory role and that this is conveyed accurately in reporting.

48. We worked closely with WG to facilitate the DFM's visit to the Stephenson Street Flood Risk Management Scheme, in support of their announcement of their flood risk capital programme.

49. As part of the external affairs and comms approach for each of our corporate Wellbeing Objectives we teamed up with Net Zero Industry Wales, with Executive Director for Communications, Customer & Commercial Sarah Jennings invited as a guest speaker in their podcast series focusing on how you can work in partnership to deliver net zero. Sarah was able to talk about how NRW wants to be an enabling regulator and support both the decarbonisation and renewables agendas, whilst being the voice of nature and encouraging high quality applications that build nature gain into their plans. This podcast is primarily focused on the business audience across Wales.

Pollution is Minimised

50. This period saw the announcement of the SAC River assessments and Water Framework Directive classifications. This required careful handling and choreography with stakeholders and the media. We delivered a media briefing to journalists alongside expert colleagues to ensure context and understanding of the data released, and the work that has been ongoing to deliver change in our rivers since the last data release.

51. As part of this announcement, we worked alongside WG colleagues to organise and promote the DFM's visit to the Upper Wye, which allowed him to see how we work with communities and landowners to restore habitat and improve water quality in this catchment.

Nature is Recovering

52. The benefits of partnership working with communities to deliver outcomes for people and nature were highlighted through our promotion of the announcement of the recipients of the latest round Nature Networks Funding, our LIFE projects and the completion of river restoration projects. We also showcased the outcomes of our work with the Woodland Trust, the National Trust in Wales, volunteers, landowners and local authorities and the planting of more than 24,000 trees along

the banks of four rivers in South Wales as part of the 4 Rivers for LIFE programme.

53. Our story showing the horse logging work in the Dyfi Forest attracted significant engagement on our social media channels from around the world. We also promoted twenty-five years of Newport Wetlands and our partnership work with the Living Levels. These stories provided an opportunity to showcase the range of projects that are helping to tackle the nature emergency and build a bank of case studies that can inform our future campaigns.

54. We also highlighted our efforts to protect species in protected sites. Our decision to implement an exclusion zone at a protected Anglesey site to protect rare bird species required sensitive handling with stakeholders and attracted wide-ranging media interest. The evolution of our project to tackle invasive topmouth gudgeon across water bodies in Carmarthenshire was also shared during this period, and highlighted how we have used evidence to inform our decision-making in this project.

55. The effectiveness of our enforcement work was highlighted by bringing together outcomes of three tree-felling prosecutions across South Central into one communications effort. By combining the stories, it gave the outcomes more gravitas and attracted more media coverage as a result.

Summary of Complaints, Commendations and Correspondence

56. A significant proportion of work across all three areas – Correspondence, Complaints and Freedom of Information – has centred on two high-profile and resource-intensive areas: the Save Ynyslas group and the Ogmore River Clean project. Both topics have generated substantial volumes of correspondence and our approach has required close collaboration between multiple internal teams.

57. Save Ynyslas continues to drive public and media interest. Since January, we have received nine Environmental Information Regulation (EIR) requests specifically relating to this issue, covering a range of documents such as role descriptions of visitor centre staff, risk assessments, site regulations, financial reports, minutes of Executive Team meetings and options papers. Alongside these requests, we've also received a high volume of political correspondence via different channels.

58. A meeting was held with campaigners on site in May in an effort to provide clarity and reduce concerns. However, a press release subsequently issued by the campaign group incorrectly attributes sole responsibility for the decision to close Ynyslas visitor centre to a single member of the senior team, and misrepresents the nature of the discussion. This statement and others in the release are misleading and we are considering how best to respond to ensure an accurate public record.

59. Similarly, the Ogmore River Clean project has generated six EIR requests, primarily focused on water quality in the Ogmore river, various testing and sampling processes, and incidents reported at the site. These requests have contributed to the ongoing discussions and the need for clear communication regarding our environmental efforts.

60. A third area of ongoing focus has been Hafod Landfill. Although we continue to receive complaints about odours and queries about our regulatory work at the site – and some of these have required detailed responses about monitoring systems, action plans and community impact assessments – we have seen a tentative decline in odour reports as the operator, Enovert, has made progress with site works. We have kept the Citizens Space website updated as a source of information for local residents.

61. Huge congratulations to three of our colleagues who each received a Station Commander's Commendation from the Royal Air Force for their swift, joined-up response to a serious air safety risk at RAF Mona on Anglesey. Their work – identifying an issue at a nearby biomass plant, coordinating advice and ensuring rapid action – helped prevent a potential major incident. They were invited to RAF Valley for a personal thank you, medals and even a go on the flight simulator.

Forward Look

- Tuesday 3 June – Audit and Risk Assurance Committee
- Wednesday 18 June – People and Customer Committee
- Thursday 19 June – Finance Committee
- Wednesday 25 June – Flood Risk Management Committee
- Thursday 3 July – Protected Areas Committee
- Wednesday 9 July – Audit and Risk Assurance Committee
- Wednesday 16 July – July Board Meeting
- Monday 21 to Thursday 24 July – Royal Welsh Agricultural Show

NRW Board Paper

Date of meeting:	22nd May 2025
Title of Paper:	Finance Committee Board Update
Paper Reference:	25-05-B10
Paper sponsored by:	Helen Pittaway, Board Member
Paper prepared by:	Board Secretariat
Paper presented by:	Helen Pittaway, Board Member
Purpose of the paper	Information
Summary	To provide an update to Board on the Finance Committee (FC) – 1st May 2025

Background

This paper provides an update to the Board following the short FC meeting on 1st May 2025. The minutes from these meetings can be made available to any Board member interested.

Financial Performance Update

1. The key messages from the end of year Financial Performance Report were presented including the net underspend of £0.5m and the main reasons for the variances in income and expenditure. Updates to the risks were also provided including that the salary savings target for the year had been met.

2. FC welcomed the slight underspend against the backdrop of a difficult year, and following a query, the financial situation for the LIFE and Grant Programmes were explained. The lessons learnt on optimism bias within budget management was also welcomed and the Committee requested that the results were brought back to FC.

Budget and Business Planning 2025-26 update

3. An update to the 2025-26 budget was presented including the minor variances in budgets from its approval at March Board. Non-staff budgets had been issued in April.

4. Further to a query, it was confirmed that delaying staff budgets would not delay or hinder the organisation's ability to progress recruitment decisions.

5. The work on the 2025-26 Business Plan (BP) was outlined including the key deliverables and the approach.

6. The Committee supported the approach and discussed the need to integrate the Deputy First Minister's priorities with business-as-usual activity metrics when reporting. Assurance was provided on this point.

Financial Approvals

7. FC reapproved the costs of the Telemetry Replacement Project as there had been a slight increase in costs.

NRW Board Paper

Date of meeting:	22nd May 2025
Title of Paper:	Flood Risk Management Board Report
Paper Reference:	25-05-B11
Paper sponsored by:	Peter Fox, Chair of the Flood Risk Management Committee (FRMC)
Paper prepared by:	Board Secretariat
Paper presented by:	Peter Fox, Chair of the Flood Risk Management Committee (FRMC)
Purpose of the paper	Information – to aid the Chair in their verbal update
Summary	To provide an update on the Flood Risk Management Committee (FRMC) meeting on 17th April 2025

Background

1. This summary provides information to aid the Chair in their verbal update on matters that in their opinion should be brought to the attention of the whole Board following the last FRMC meeting which was held on 17th April 2025.

Update

Flood Risk Management Update Report

2. Updates were provided on the Senedd Climate Change Environment and Infrastructure Committee (CCEIC) inquiry into the impacts from Storm Bert and Storm Darragh, and Welsh Government's (WG) announcement of the implementation of the new Technical Advice Note 15 (TAN15). WG had also confirmed that they would soon publish a response to the National Infrastructure Commission for Wales (NICW) Report that had been published in October 2024, and the Deputy First Minister (DFM) had met with members of the Flood and Coastal Erosion Committee (FCEC) to discuss the recognised skills shortage across the Flood sector. The Department of Food and Rural Affairs (Defra) had also set up a Flood Resilience Task Force for England that representatives from the Devolved Administrations had been invited to. The Flood team would work closely with WG on any implications for Wales from that group.

3. FRMC welcomed TAN15, and following a query, the term strategy flood consequences was explained. The Committee also discussed the reasons behind the skills shortage and the work requested by the DFM to develop recommendations to mitigate the issue.

Flood Risk Management Capital Programme Update

4. The likely final financial position of the 2024-25 Flood Capital Programme was outlined including the reasons behind the underspend. Updates were provided on individual projects including Sandycroft that had received positive feedback from the public and that 2000 properties had been protected by the 2024-25 Programme. The Committee were content with the level of underspend in which had been a difficult year and expressed their thanks to everyone involved in the Programme.

5. An overview of the 2025-26 Flood Capital Programme was provided including the budget and key risks. Assurance was provided that the Programme had been developed to the teams' capacity with flexibility to manage the Programme in-year. Updates were provided on Stephenson Street, Cardigan, the Flood Warning Replacement and Telemetry Projects.

6. The amount of over programming and flexibility in the Programme was welcomed. However, frustration was registered on the issues with procuring fleet vehicles and machinery. At the request of the Committee, a paper would be taken to the Flood Risk Management Business Group and the Executive Team on the matter. Concerns were also raised on the delay to a workstream in the Telemetry Project. The Committee were also updated on an incident at Peterstone Gout Reservoir and the Ynysbwl Project.

Strategic Outline Case at Tenby (River Ritec)

7. The context of the Strategic Outline Case (SOC) was provided along with three potential options. Assurance was provided that the SOC at Tenby would be taken forward appropriately and that private investment would not influence the Project or its priority order.

8. The Committee queried how new wetland verses back to nature would be valued and suggested that future costs should be reviewed. Following a further query the nature-based opportunities in option three were explained and the inclusion of an ecosystem service appraisal was suggested. FRMC endorsed the progression to the Outline Business Case.

Communities at Risk Register and prioritisation of the Flood Capital Programme

9. A presentation was provided on how the Communities at Risk Register (CaRR) was used to influence the prioritisation of the Flood Capital Programme along with other factors included in the prioritisation criteria.

10. FRMC suggested that consideration should be given to the future benefits of schemes, together with the future risks, to give an integrated approach. It was also suggested that other sustainable management of natural resources (SMNR) should be considered alongside flood management.

11. The Committee discussed to what extent the uncertainties in the flood processes and modelling changed the rank abundance risk levels, the sensitivities of the calculations, and the granularity of the data analysis. Catchment management and NRW's support of people and communities was also discussed. FRMC requested an audit of the top communities at risk, to give an overall sense of the package of flood risk services and support that NRW provided.

Building community preparedness for flooding – issues and opportunities

12. The history of flood community engagement in Wales and how it had led to the development of Community Flood Plans was explained, along with NRW's role in supporting them. The Community Flood Engagement Review was highlighted, as well as the challenges with engaging communities in flood resilience activities.

13. FRMC discussed the extent of socio-economic elements that determined areas at risk of flooding, as well as the effects of climate change on flood risk management. Community engagement was limited by what resource was available and it was explained that as an enabling role, there was no prioritisation, and everyone was entitled to and received the same level of support. NRW's engagement through the website and social media was outlined and the continuation of engagement through volunteer networking was agreed as the best way-forward.

For Information Only Items

14. The Internal Audit workplan for the coming year and the recent Internal Audit Report – Flood Capital Programme were shared with the Committee for information only.

Forward Look

15. Another joint FRMC/Land Estate Committee meeting is planned for October.

NRW Board Paper

Date of meeting:	22 May 2025
Title of Paper:	National Access Forum for Wales (NAFW) Update
Paper Reference:	25-05-B12
Paper sponsored by:	Lesley Jones, NAFW Chair
Paper prepared by:	Carys Drew, NAFW Secretariat (Specialist Advisor: Outdoor Access and Recreation)
Paper presented by:	Lesley Jones, NAFW Chair
Purpose of the paper	Information

Background

1. The National Access Forum for Wales (NAFW) is a non-statutory forum which brings together stakeholders from public, private and third sector organisations with an interest and expertise in outdoor access and recreation in Wales.

2. The NAFW's key purposes are:

   - To help improve the quality and extent of access to the countryside and coast of Wales, and extend the opportunities for enjoyment and responsible outdoor recreation to all, with regard to environmental sustainability and education
   - To work together as a stakeholder network, fostering understanding, and sharing information and good practice; to support the realisation of benefits of outdoor recreation and access in Wales
   - To support NRW in its aim of more people participating in, and benefitting from, outdoor recreation more often

3. NRW provides the Chair (Lesley Jones) and Secretariat (Carys Drew), the Deputy Chair is nominated from the membership (Ruth Rourke, Institute of Public Rights of Way and Access Management).

4. The NAFW meets three times a year. Forum meetings are open to observers and are held in public but are not public meetings. Where necessary, the Chair may establish working groups to consider particular issues and report to subsequent meetings, working group meetings will not be held in public.

5. The Secretariat collates written contributions ahead of each meeting, this provides an opportunity for members, NRW and WG to share detailed information. The written contributions for each meeting, together with agendas and summary meeting notes are published on the NRW website: Natural Resources Wales / National Access Forum for Wales

Update

6. The most recent NAFW meeting was held online on 4th March 2025, and had a spatial data theme.

7. Geraint Davies and Dr Rosie Plummer noted that this was their last meeting as Chair and NRW representative due to their term as Board members coming to an end. Lesley Jones attended and was welcomed as incoming Chair.

8. The Forum received an update from Natalie Small, DataMapWales, WG about exploratory work to develop an all-Wales Digital Map of Public Rights of Way. Most local authorities and National Park authorities have submitted their data which is being collated, analysed and tested by DataMapWales. Members were given a demonstration of a proof of concept and considerations from local authority stakeholder meetings were shared. Wider stakeholder involvement is planned for the autumn.

9. Olivia Ragone, National Trust (NT), introduced the NT Paths and Trails Programme, with a vision to clearly map and provide a quality network of paths and trails that provide public benefit and inspire more users to access the NT network and get active at NT properties. Olivia shared the programme workstreams, demonstrated the mapping and shared information about piloting for management. Development and piloting are ongoing, using OpenStreetMap and GIS to support management and to provide improved on-site and digital information.

10. Roz Owen, NRW, presented the headline results for access and recreation from the People and Nature Survey for Wales (PaNSW). The PaNSW is a population level survey run in conjunction with Natural England and the People and Nature Survey for England. It runs every two years. Roz presented information from the first year (2021-2022) and shared some of the information of particular relevance and interest to the Forum, including type of people that were visiting the outdoors and what influences the likelihood to visit, barriers and concerns to people visiting, and key messages coming out of the survey. This generated requests for further information, and links to full reports which are published online. The 2023-24 survey will be published in September 2025.

11. Written contributions were circulated in advance of the meeting and members were encouraged to review these and to contact contributors direct with further questions. Sarah Smith, WG highlighted points from her update and also noted that optional elements related to public access in the Sustainable Farming Scheme were being developed, and there is an intention to bring this to a future NAFW meeting.

12. Two longstanding representatives advised this was their last meeting (Anthony Richards, (Welsh National Parks) and Charles de Winton (Country Land and Business Association) and both were thanked for their valued input, time and commitment to the Forum.

13. Ruth Rourke (Deputy Chair) thanked Geraint Davies and Rosie Plummer, on behalf of members and secretariat, for their contribution and support of the Forum during their term. Geraint Davies as outgoing Chair thanked all members and secretariat team and handed over to Lesley Jones who introduced herself and looked forward to working with the Forum and chairing the next meeting.

14. Future meeting dates are planned as follows: 1st July 2025 (online), 4th November (online), 3rd March 2026.

NRW Board Paper

Date of meeting:	22 May 2025
Title of Paper:	Finance Performance Report
Paper Reference:	25-05-B13
Paper sponsored by:	Rachael Cunningham, Executive Director of Finance and Corporate Services
Paper prepared by:	Rob Bell, Head of Finance; Mark Collins, Business Finance Manager
Paper presented by:	Rob Bell, Head of Finance
Purpose of the paper:	Approval (change in forecast) / Discussion (Financial Performance)
Summary	To approve: Change in the latest forecast from £294.6 to a forecasted £290.7m. To scrutinise: Financial performance to the end of March 2025.

Background

1. The Finance Performance report provides detail on progress across the different types of income, expenditure, and programmes. Annex A summarises the key messages in respect of:

    - Change in budget forecast compared to the previous approved forecast (January).
    - Performance to the end of March 2025.

Risks and opportunities

2. We hold a risk in the Finance and Corporate Services Risk Register for ‘in year spend’. This also links to the strategic risk “Failure to achieve financial stability”. For this financial year, risks of overspend have been mitigated through actions taken by the Executive Team and additional funding from Welsh Government.

3. The wider implications are:

(a) **Finance:** This report is about the financial performance of NRW. We hold a risk within the Finance and Corporate Services Directorate Risk Register.

(b) **Wellbeing of Future Generations Act (WBFGA):** Every component of the budget contributes to one or many of our Wellbeing Objectives.

Next Steps

4. Executive Team will continue to monitor the principal risks within the budget.

5. This report is produced every two months for the Board and Executive Team.

Recommendation

6. Board to approve changes to the latest forecast, from £294.6m to £290.7m.

7. Board to scrutinise financial performance to the end of March 2025.

Index of Annexes

Annex A – Financial Performance Report

Cyfoeth Naturiol Cymru
Natural Resources Wales

NRW Board – 22nd May 2025

Financial Performance Report – March 2025

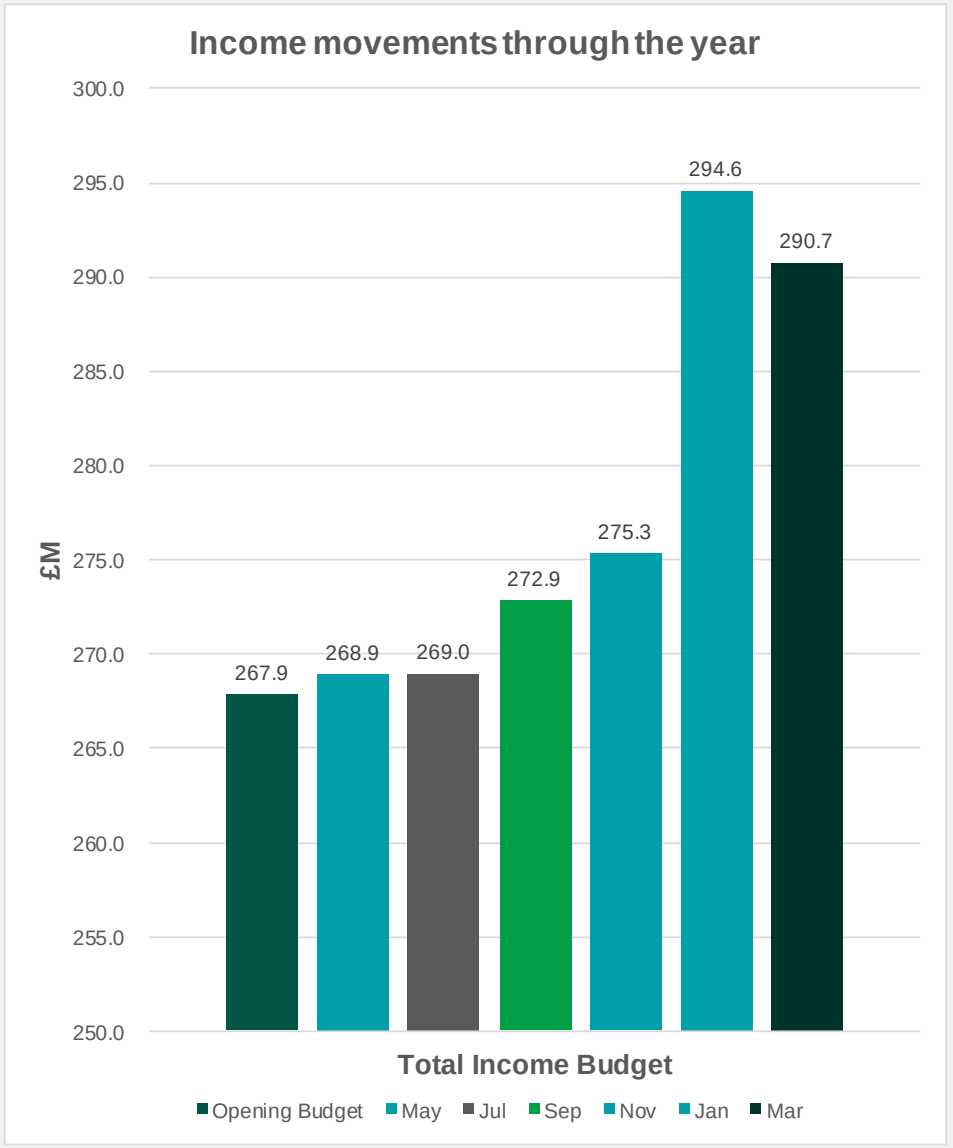
Content and Key Messages

Update will cover:	Messages:
1. Update on the latest forecast changes as at March 2025 compared to the opening budget. Endorse change in forecast since the last revised forecast was agreed - from £294.6m to £290.7m.	1. The final budget allocation at the end of March was £290.7m, a reduction of £3.9m from the January position. The charge income forecast increased by £0.2m, which was offset by reductions in commercial, european funding, Grant in Aid (GiA) and the use of balances of £0.4m, £0.9m, £1.1m and £1.7m respectively. The income forecast slide provides details of these changes.
2. Financial Performance as at March 2025.	2. Overall, a net under spend of £0.5m (0.2%). Full year expenditure equated to £282.6m against a forecasted spend of £290.7m, representing an underspend of £8.1m. Income equated to £283.1m, £7.6m less than forecast. This is still a draft position pending the completion of the annual accounts, and includes provisional figures supplied by HMRC on the IR35 liability. Of the £0.5m surplus, this is predominantly due to ring fenced income sources and we are not reporting any under or over spend in respect to Grant in Aid, other than the IR35 costs being approximately £3.3m less than the budget cover provided by Welsh Government. An element of the liability is still subject to separate approval.
3. Overview of financial performance for the year.	3i. Expenditure Capital expenditure was £1.2m below budget of £55.7m (2%). The main underspends were in the external funding (£0.4m), NRW2030 (£0.4m), Welsh Government grant funded (£0.2m) and Water Resources (£0.1m) programmes respectively. Flood and NaCE programme spend was in line with their latest forecasts. Income for the externally funded programmes can be carried forward. The underspends on NRW2030 was also utilised by the externally funded programmes, which means that we can defer european income to meet pressures caused by inflation in completing those programmes. Welsh Government also allowed us to transfer the underspend (£1m) previously highlighted by Flood into european funded projects. Revenue expenditure was under spent by £6.9m (2.9%), costs of £228.1m against a budget of £235m. The main reason being confirmation from HMRC of the IR35 liability of £15.7m, £3.3m less than we had budget cover for, although as mentioned above this includes an element that is still subject to separate approval. Without the IR35 liability, the underspend would reduce to £3.6m and 1.5% respectively. There was very little variance in staff related budgets, £0.3m underspent (0.2%), which included the meeting of a £9.3m salary savings target set at the beginning of the year. We were underspent on non staff costs of £2.7m (after accounting for the IR35 liability). The main reason is that the amount that should have been paid to Welsh Government for net surrenderable energy income was £1.1m less than what was forecasted (please see further explanation below). There was a further £0.3m under spend in Operations and EPP in respect to surrenderable windfarm income. A further £0.4m was in respect to Operations work that is funded by deferred income that we can take forward. A further £0.3m was in respect to charge funded activities, which again any surplus or deficit income will be carried forward for the benefit of charge payers. A further £0.1m was in respect to WG grants and we drew down less grants as a result. The remaining £0.4m (which is after over-programming has been deducted) has been used to offset reductions in income (described below). Revenue projects spend was £7.7m against a budget of £8.4m (8% under). The main variance was the NRW2030 programme (£0.4m). Externally funded and Water Resources projects made up the difference. The underspend on the NRW2030 programme offset reductions in income (described below). This has been a challenging year with the Case for Change having an impact on the utilisation of budgets but that said we have delivered a significant amount of work and projects during the year. We were aware of the challenges - that's why we use over-programming and use the flexibility to ensure we can provide additional funds to our externally funded programmes which have been impacted by inflation. We did have a greater level of underspend than what we were previously predicting, but that has offset our reduction in income, part of which (timber) we knew could be covered by Welsh Government if needed. 3ii. Income Income received was £7.7m less than budget, £283.1m against a budget of £290.8m (3%). The main variance being linked to us not needing the full Grant in Aid budget cover for IR35 (£3.3m). The other main variance was surrenderable windfarm income being £1.4m below forecast. This was mainly due to very abnormal weather during the 4th quarter of this financial year, which we have received the results from the operator in April. A full briefing paper was prepared for the Executive Team and Welsh Government explaining the reasons and how we could improve our forecasting of this situation in future. This was a pressure for Welsh Government to meet. There was also a reduction in the amount of retainable energy income (£0.5m), due to a decrease in the unit rate applied to Cefn Croes windfarm royalties and timber income (£0.5m less than the forecast but still within the range predicted). Both those reductions in income have been met by expenditure under spends. There was no need to ask WG for further cover for the reduction in timber income. The other main variance was external income, where we drew down £1.7m less than we forecasted, £0.8m was due to expenditure underspends, whilst £0.9m was funded by other means - mainly Grant in Aid or WG grants. All the external income is available for use by the programme in future years.
4. The main risks and opportunities to our budget this year are covered in a separate page.	4. The next page has an update on all the risks identified. All budgetary risks were managed in year - IR35 budget cover, Ty Cambria, legal cases and Case for Change. There was one risk not highlighted in the previous report - which was the reduction in energy income.
5.Update on contingencies and under/over programming.	5. The previously identified contingencies balances have been included within the various narratives so there is not a page in this report. We will continue to provide a statement through the year as a means of identifying and managing pressures and surpluses as they arise.
6. Update on Welsh Government position.	6. We managed within our cash limit at the end of the year, 2% of total income. We have made Welsh Government aware of the reduction in surrenderable windfarm income. We also surrender fines and penalties to WG. This does not appear in our budget and is not something that we have forecasted in the past. But this year we issued a significant amount of fines in March which neither Finance or Welsh Government were aware of. We will now put in place a forecasting process for this.

Risks & Opportunities

Type	Description	Expenditure Category	Previous reported value/£m
Risks			
Legal Risks	Risk that outcome of cases not in line with expectations. **Outcome:** cost of legal cases within revised budget provided.	Revenue	tbd
Central over-programming	ET decided to increase it again to £1.6m based on spend at end of February. **Outcome:** there were end of year under spends, so it was the correct strategy to continue to hold over-programming centrally.	Revenue	1.6
Opportunities			
General revenue expenditure position including Land Stewardship	There was a concern that we will have a general underspend across a number of budgets, the largest of which is Land Stewardship. **Outcome:** there were end of year under spends across numerous budgets, so it was the correct strategy to continue to hold over-programming centrally.	Revenue	1.8
NaCE / NRW2030 / Flood programmes	Very low amounts of over-programming so bigger chance of underspends. **Outcome:** The flood capital programme had forecasted an underspend of £1.1m which WG agreed to transfer funding to LiFE and Heritage Lottery funded projects. NRW2030 also had a combined revenue and capital programme underspend of £0.7m which we have re-purposed. NaCE spend was in line with the revised forecast. Without the flexibility to reinvest in LiFE and Heritage Lottery funded projects we would have registered an underspend as a result of having a low level of overprogramming.	Capital	1.1
Variables			
Timber Income	We reduced the forecast (from £33m to between £31m and £31.6m) as a result of the recent storms, cold weather and revised market expectations. Funding for that downturn will either be covered internally or by WG. Outturn still subject to variance. **Outcome:** Outturn was £31.1m which was at the lower end of the range. We had set the forecast at the upper end. Due to revenue underspends we were able to absorb the impact internally.	Revenue	1.4-2.0
Retainable energy income	This was not identified as a risk but the final outturn was £0.6m less than forecasted due to the wind farm operator's revenues being significantly less than forecast. NRW is entitled to 7% of the operator's revenues over and above the base rent. We were able to absorb the impact through revenue underspends. In the future we will endeavour to mitigate this risk by requesting interim forecasts from the operator.	Revenue	new
IR35	Budget cover (£19m) now in place for the potential liability. Liability won't be finalised until HMRC conclude their offset calculations. **Outcome:** We have received a provisional figure from HMRC of £15.7m, £3.3m less than the budget cover provided by WG. An element of that liability is still subject to approval. The residual balance will be returned.	Revenue	tbd
Case for change redundancies	**Outcome:** We had reduced our budget estimate to £1.2m and the outturn was £1m.	Revenue	tbd
Recruitment controls	**Outcome:** Target of £9.3m was met.	Revenue	tbd

Financial Performance – Income Forecast



Charges

In March, the charge income forecast increased by £0.2m.

Commercial

Commercial income reduced by £0.4m, linked to a revised wind energy forecast.

European & Other External

European and other external income has reduced by £0.9m, mainly due to the reclassification of the additional reservoir grant funding as Grant in Aid (£0.5m), along with a reduction for the Natur am Byth project and the repayment to WG for an overclaim in respect to the DCF project, both at £0.2m.

The additional £1m WG grant funding allowed us to reduce the draw on European income, deferring into future years to meet inflationary pressures.

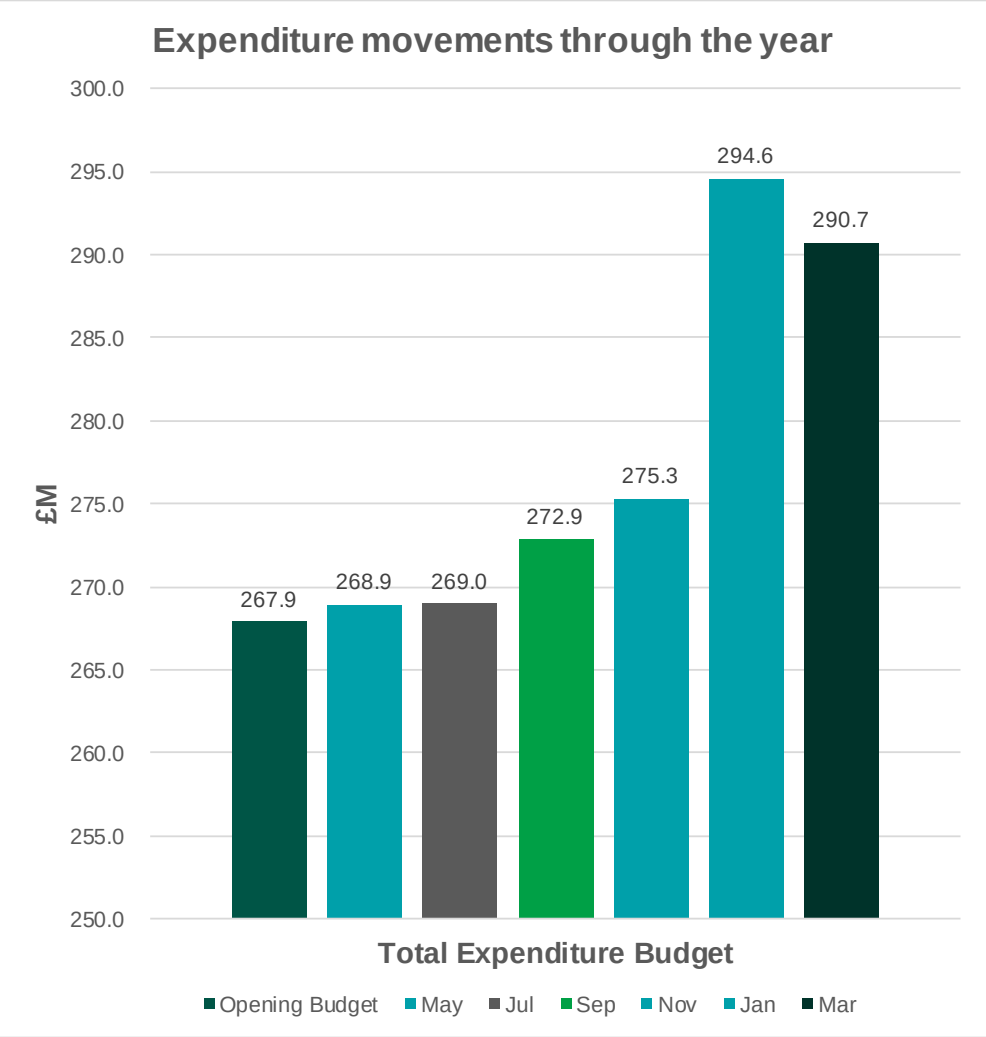
Grant in Aid

Overall, Grant in Aid has reduced by £1.1m. The Flood capital programme and WG grant allocations reduced by £1.1m and £0.6m respectively, with Waste and Woodland Verification being the main contributors of the grant element. These were offset by additional funding of £0.1m for the ETS (Emissions Trading scheme) grant, along with the reservoir funding movement mentioned above (£0.5m).

Use of Balances

The use of balances has reduced by a further £1.7m. The changes are almost solely linked to the various charge schemes, with £1.1m reflecting additional savings on charge funded posts, deferred EPR income of £0.2m, changes in the reservoir operating agreement of £0.2m and a reduction on the draw of IDD balances of £0.1m.

Financial Performance – Expenditure Forecast



Staff

Staff budgets have reduced by £1.9m - £0.6m linked to the reduced Case for Change forecast (CFC) (agreed at February ET), along with £0.2m from CSD linked to the various salary sacrifice schemes. A review of charge funded post savings produced a further reduction of £1.1m, reducing the draw on charge balances.

Non Staff

Overall non staff budgets have reduced by £1.5m. The key reductions relate to the transfer to revenue projects for the building lease settlement (£0.8m), revised retainable energy payment to WG (£0.4m), reduced Reservoir Operating Agreement forecast (£0.2m), along with various ringfenced GiA and WG grant funded work (£1.0m). Waste and Woodland Verification make up the main contributors of the grant share, with Sustainable Farming Scheme and Land Management Agreements on the GiA side. These were offset by the movement to central contingencies of the CFC residual balance (£0.6m) along with budget cover for the write-off of part of the DCF external funding project, paid back to WG (£0.3m).

Revenue Projects

Revenue projects budgets have increased by £0.7m mainly due to the allocation of additional funding from central contingencies for the building lease settlement (£0.8m), along with minor adjustments within the European and NaCE grant funded programmes (-£0.1m)

Capital Projects

Overall capital project budgets have reduced by £1.2m, mainly due to the Flood and european funded projects reducing by £1.1m and £0.1m respectively.

Financial Performance - Income

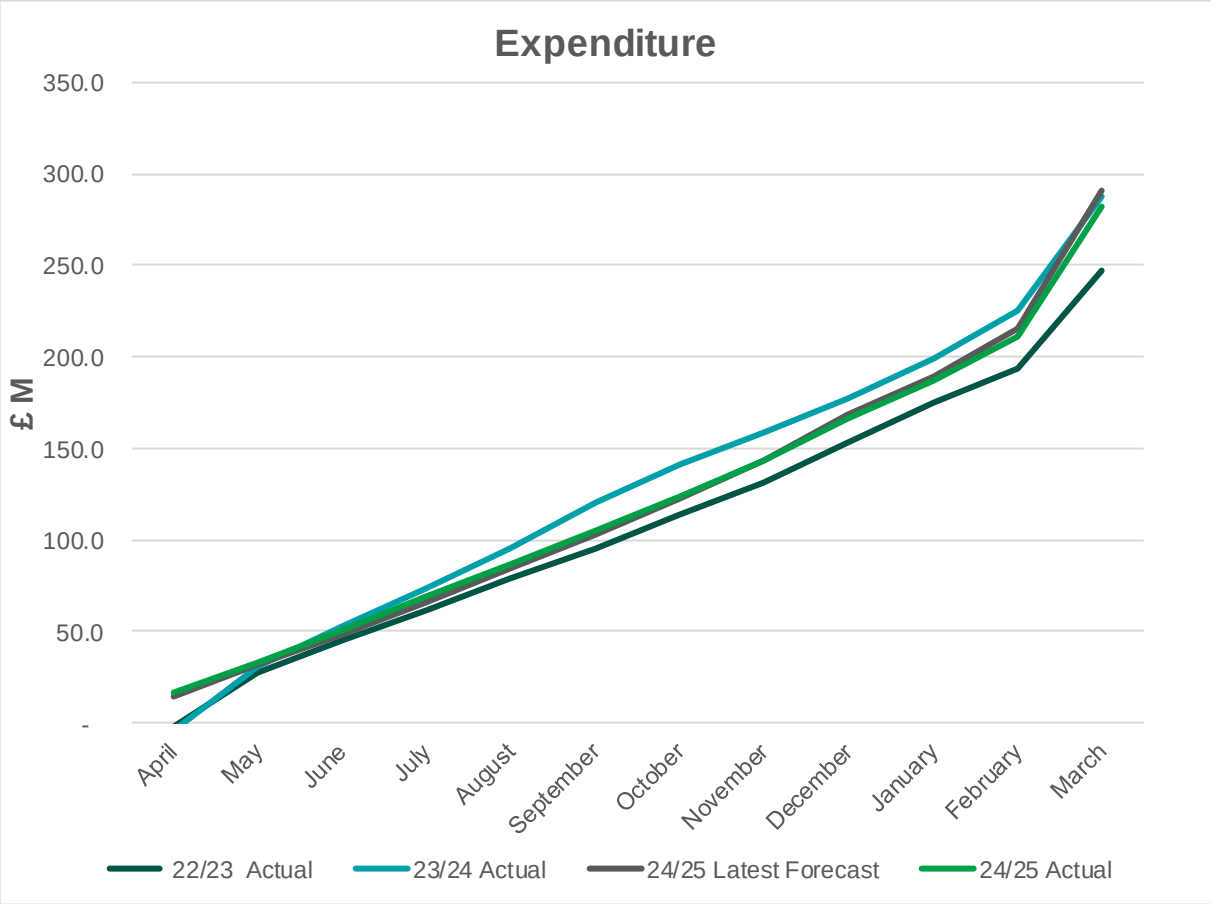
INCOME by Account Type	Actual YTD £m	Approved Forecast YTD £m	Variance YTD £m	Approved Forecast FY £m	Remaining Budget FY %	Commentary
Charges	45.0	44.8	0.2	44.8	0%	The year end position is slightly ahead of forecast by £0.2m, with higher than expected receipts for EPR Water Quality, EPR Installations and International Waste Shipments in the final quarter. We will shortly be preparing the detailed analysis of expenditure across all charge regimes, with any surplus/deficit being adjusted against the corresponding charge balances and carried forward to future financial years.
Commercial	52.3	54.9	-2.5	54.9	5%	Commercial income was significantly below the forecasted position - £2.5m less than the budget of £54.9m. The key variances relate to timber income (£0.5m less than forecast but within the range indicated by the Commercial Team) and wind energy across both surrenderable and retainable income sources (£1.4m & £0.6m respectively). Whilst timber prices remained relatively static, despatches from the woodland estate fell below expectation and were lower than seasonal levels seen in previous years. The impact of Storm Darragh and adverse weather conditions earlier in the year were the main drivers of this. The final timber position fell below the income guarantee from WG, however we were able to cover the shortfall by expenditure underspend and did not seek further funding from WG. Both the surrenderable and retainable wind farm income reductions were linked to an unexpected dip in energy output for the final quarter of the year. In respect to retainable energy income, this was caused by a reduction in the unit rate applied to Cefn Croes windfarm. The surrenderable variance does not affect NRWs bottom line as the income is surrenderable to Welsh Government, however the unexpected shortfall did subject us to extra scrutiny from WG. Given the size of the unexpected reduction, an explanation paper has been provided to both Executive Team and the Finance Committee. This was entirely due to output from extremely abnormal weather conditions in the last quarter of the financial year. Similarly to the timber position, we were able to manage the retainable income shortfall through the expenditure under spend.
European & external	5.3	7.1	-1.7	7.1	24%	The key variances relate to proceeds of crime (POCA) and european income, where we drew down £1.7m less than we forecasted. £0.8m was due to expenditure underspends (mainly Natur am Byth), whilst £0.9m was funded by other means, mainly Grant in Aid or WG grants. All the external income is available for use by the programme in future years.
Grant in Aid	181.8	185.3	-3.5	185.3	2%	The £3.5m variance is predominantly linked to the additional WG funding for the IR35 liability, which is £3.3m less than the initial estimate of £19m. The remaining £0.2m is linked to a number of WG Grants, where expenditure was lower than anticipated, hence a reduction in the corresponding claim to WG.
Use of charge balances	-1.4	-1.3	-0.1	-1.3	-8%	The use of charge balances reflects the estimated position at year end. The detailed analysis of expenditure across all charge regimes is currently underway and may change this position slightly when the final accounts are completed in the following months. The position reflects an anticipated excess of income over expenditure across the charge regimes predominantly due to salary savings associated with vacant charge funded posts.
TOTAL: NRW	**283.1**	**290.7**	**-7.6**	**290.7**	**3%**	

Financial Performance - Expenditure

EXPENDITURE by Account Type	Actual YTD £m	Approved Forecast YTD £m	Variance YTD £m	Approved Forecast FY £m	Remaining Budget FY %	Commentary
Staff	123.0	123.3	0.3	123.3	0%	The salary savings target of £9.3m has been fully met. The £0.3m variance is predominantly linked to lower than anticipated training costs within CSD Directorate and travel and subsistence within EPP.
Non Staff	97.4	103.4	6.0	103.4	6%	Outside of CSD, all Directorates were under spent compared to their respective budgets; CCC (£1.5m), EPP (£0.7m), FCS (£3.5m) and OPS (£1.3m), offset by over-programming of £1m. The CCC element predominantly relates to the surrenderable wind energy payment to WG, which was far lower than forecast (£1.1m), due to lower than expected wind energy receipts. The remaining £0.4m relates to further under spend within wind energy related expenditure budgets (£0.2m), Legal (£0.1m) and Head of Customer (£0.1m). The EPP under spend is broadly split across all Leadership teams, with roughly £0.3m linked to ring fenced/deferred income funded activities, where a corresponding income reduction will also be seen. The FCS under spend is linked to the reduced IR35 liability (£3.3m), although an element of that is still subject to approval. There is also a further under spend of £0.1m within ICT. The Operations side reflects lower than expected costs within Land Stewardship (£0.5m), Flood (£0.2m), Marine (£0.1m) and Wind Energy (£0.2m) funded activities. The wind energy element will be deferred for future years. We held over-programming as we anticipating some underspends. The year end under spend was higher than expected. This did however allow us to offset the reduction in income, particularly timber and retainable energy income, although we could have requested cover from WG for the timber element, should the need have arisen.
Revenue Projects	7.7	8.4	0.6	8.4	8%	The £0.6m variance is predominately linked to under spend within the NRW2030 (£0.4m) and externally funded (£0.2m) project programmes. The Natur am Byth project makes up the majority of the externally funded element and resulted from delivery slippage across various partnership organisations. The project manager is in the process of raising these concerns with all partners to reduce this risk next financial year. Similarly to the non staff variance, the NRW2030 underspend allowed us to offset the various income reductions.
Capital Projects	54.5	55.7	1.2	55.7	2%	Capital expenditure was £1.2m below budget. The key underspends were linked to the external funding (£0.4m), NRW2030 (£0.4m), Welsh Government grant funded (£0.2m) and Water Resources (£0.1m) programmes respectively. Flood and NaCE programme spend was in line with their latest forecasts. With externally funded programmes having the ability to carry funding forward for future financial years, the underspend on NRW2030 was utilised by the externally funded programme, deferring the European income to next year and allowing us to meet inflationary programme pressures. Welsh Government also allowed us to transfer the underspend (£1m) previously highlighted by Flood into European funded projects.
TOTAL: NRW	**282.6**	**290.7**	**8.1**	**290.7**	**3%**	

Financial Performance – Expenditure Trends

EXPENDITURE TRENDS



Commentary:

Our year end outturn was £282.6m, which is £3m and £36m more than the respective outturn of the last two years.

Spend profiles remain relatively static over the last three years, with each year seeing an accelerated proportion of spend within the last two months of the financial year.

Financial Performance – Revenue Projects

Revenue Projects by Programme	Actual YTD £m	Approved Forecast YTD £m	Variance YTD £m	Approved Forecast FY £m	Remaining Budget FY %	Commentary
External Funded	2.2	2.4	0.2	2.4	7%	Natur am Byth underspent by £0.1m resulting from delivery slippage across various partnership organisations that contribute to the programme. The project manager is in the process of raising these concerns with all partners to reduce this risk next financial year.
Internal Funded	1.6	1.7	0.1	1.7	8%	A small underspend, attributed to various internally funded projects. These are minor variances within acceptable tolerances.
NaCE	1.8	1.8	0.0	1.8	-0%	The NaCE Programme successfully utilised the full extent of its available funding for the financial year. Any under / overspend across sub-programmes such as Nature Networks were strategically re-allocated, in line with agreed financial governance and compliance.
NRW 2030	1.5	1.8	0.3	1.8	18%	The underspend reflects the surplus funding within the revenue programme. This was used to partly offset the decrease in income.
Grants	0.7	0.7	0.0	0.7	3%	Various grants were successfully drawn down this year. The programme was also significantly reduced, with a number of grant projects coming to an end.
TOTAL: NRW	**7.7**	**8.4**	**0.6**	**8.4**	**8%**	

Financial Performance – Capital Projects

Capital Projects by Programme	Actual YTD £m	Approved Forecast YTD £m	Variance YTD £m	Approved Forecast FY £m	Remaining Budget FY %	Commentary
NRW 2030	2.8	3.2	0.4	3.2	11%	We were able to utilised the NRW2030 under spend on the externally funded programmes, which means that we can defer the European income to meet inflationary pressures in completing those programmes in future years.
External Funded	7.7	8.3	0.6	8.3	7%	European LiFE projects and Natur am Byth make up the majority of the underspend. The LiFE project element will also have a corresponding income reduction. The Natur am Byth underspend resulting from delivery slippage across various partnership organisations that contribute to the programme. The project manager is in the process of raising these concerns with all partners to reduce this risk next financial year.
Flood Risk	17.6	17.6	0.0	17.6	0%	The Flood programme spend was in line with their latest forecast. Following discussions with Welsh Government, the previously highlighted Flood under spend of £1m was transferred into European (external) funded projects.
Internal Funded	2.6	2.8	0.2	2.8	8%	A small underspend, attributed to various internally funded projects. These are minor variances within acceptable tolerances.
NaCE	22.0	22.0	0.0	22.0	0%	The NaCE Programme successfully utilised the full extent of its available funding for the financial year. Any under / overspend across sub-programmes such as National Forest Capital Works were strategically re-allocated across NRW in line with agreed financial governance and compliance.
IFRS 16 Capital Leases Only (non-cash)	1.9	1.9	0.0	1.9	-0%	Leases are subject to IFRS 16 accounting standards and therefore ring fence income and expenditure. The funding was fully utilised.
TOTAL: NRW	**54.5**	**55.7**	**1.2**	**55.7**	**2%**	

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