

Confirmed Minutes

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| Title of meeting: | NRW Board Meeting – Public Meeting |
| Location: | CP2, Cardiff, and Microsoft Teams |
| Date of meeting: | 21 st March 2024 |
| Board Members present: | Sir David Henshaw, Chair Clare Pillman, Chief Executive Prof Steve Ormerod, Deputy Chair Geraint Davies Prof Peter Fox Prof Calvin Jones Lesley Jones Prof Rhys Jones Mark McKenna Kath Palmer Helen Pittaway (Teams) Dr Rosie Plummer |
| Executive Team Members present: | Ceri Davies, Executive Director of Evidence, Policy and Permitting Prys Davies, Executive Director of Corporate Strategy and Development Sarah Jennings, Executive Director of Communications, Customer and Commercial Gareth O’Shea, Executive Director of Operations Victoria Rose-Piper, Head of Business Support Services and Adfywio, deputising for Rachael Cunningham, Executive Director of Finance and Corporate Services |
| Attendees present: | Phil Williams, Head of Governance and Board Secretary (All items) Rob Bell, Head of Finance, Item 6 Kirsten Hughes, Lead Specialist Advisor, Corporate Planning and Performance (Teams), Item 7 Sue Ginley, Lead Specialist Advisor, Corporate Planning and Performance (Teams), Item 7 |
| NRW Observers present: | David Letellier, Head of Operations South Wales Central Kate Evans, Manager, Public Affairs/Private Secretary to CEO |

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| | Catrin Hornung, Head of Communications and Digital Transformation |
| Public Observers present: | Colin Barnett Gareth Wardell Jim Ralph Margaret Young Additional members of the public |
| Apologies: | Rachael Cunningham, Executive Director of Finance and Corporate Services Bhuvaneshwari Marrisudi, Board Apprentice |
| Secretariat: | Natalie Williams, Deputy Board Secretary and Board Secretariat Team Leader Jocelyn Benger, Board Secretariat Team |
| Declarations of Interest: | <ul style="list-style-type: none"> • Dr Rosie Plummer - Member Pembrokeshire Coast National Park Authority - wide-ranging interactions with NRW including planning, landscape designation and protections including SAC rivers, Marine zones, diverse grant recipient and collaborator; Plantlife Trustee – wide ranging interactions including participant in the Natur am Byth project and recipient of Glaswelltiroedd Gwydn Nature Networks funding • Prof Steve Ormerod – Chair of the Science Advisory Group and Board Member to the Environmental Markets Board; Chair of the Fish-Eating Birds Advisory Group; Vice President of the RSPB; Member of various Wildlife Trusts • Geraint Davies – Mentor with Farming Connect; Associate of Pwllpeiran Upland Research Centre • Prof Calvin Jones – Cardiff Business School hired by Welsh Government to look at financing models for potential tidal lagoons in Wales • Prof Rhys Jones – part of a funded research project with Coventry University that will be examining the development and early implementation of the Sustainable Farming Scheme • Mark McKenna – Down to Earth expression of interest in the Caernws scheme |

Item 1. Open Meeting

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

Item 2. Review Minutes and Action Log

Item 2A. Review Minutes from the 2nd February Meeting

2. The minutes from the public Board meeting on 2nd February were reviewed and agreed.

Item 2B. Review Action Log

3. The Action Log was reviewed and noted.

Item 3. Update from the Chair

4. The Chair updated the Board on the recent meeting of the First Minister's Water Quality Summit. Considerable progress was reported on the action list, and the First Minister (FM) noted the encouraging progress. The good, collaborative atmosphere at the meeting was described with attendees on a shared mission on water quality issues. The Teifi Demonstrator Project exemplified the partnership approach.
5. The election of the new FM was noted. On behalf of the Board, congratulations were extended to Vaughan Gething on his appointment, and thanks and good wishes were offered to the departing FM, Mark Drakeford.

Item 4. Report from the Chief Executive

6. The Chief Executive gave an update on items in addition to the written Report. NRW would be writing to the new FM, along with any new or departing ministers.
7. An update was provided on the impacts of the latest period of wet weather. A series of prolonged bouts of heavy rain had occurred in South West Wales in addition to the highest tides of the year. The impact of the spring tides on communities in Cardiff was highlighted. NRW had undertaken its usual warning and informing role and staff had been out on the ground across Wales supporting communities. Assets that had suffered from previous weather events and required work were noted. The weather forecast was an improving picture although the ground was saturated.
8. The recruitment of a new Interim Head of ICT was completed – Matt Harrington was due to start with NRW the following week. Martin Parkinson, Head of Business Transformation, would be retiring in June and his contribution to NRW over many years was highlighted.
9. Board members considered the content of the verbal and written Report. The Quarter 3 Enforcement Update was noted, and the previous day's strategic discussions on pollution minimisation were highlighted. The Board thanked the local team for their time in informing the Board about the complex issues relating to waste and pollution around the Cardiff area.

10. The update on the Multi-Utility Service Transit (MUST) project was noted. Board members commented that it would be interesting to see the MUST project develop new ways of working, particularly in the field of planning. The strategic Board discussions around decarbonisation at the September 2023 meeting were highlighted, which had included elements on what could be done differently to take matters forward. The wider conversations for NRW and planning departments were recognised. Prof Rhys Jones, as Chair of the Wales Land Management Forum (WLMF), updated the Board on discussions at the WLMF, noting the challenges faced by farmers in engaging with the planning process when undertaking smaller projects.
11. Board members discussed the challenges faced by NRW and Local Authorities in responding to the dynamic and demanding planning situation for both large infrastructure projects and community-level energy projects. The financial pressures were recognised along with the skills and experience challenge. The MUST project was the first major project where NRW had put a Memorandum of Understanding (MoU) in place and learning from this would be taken forward. The Executive Director of Communications, Customer and Commercial (CCC) updated the Board on the recent Empower Cymru conference organised by Net Zero Industry Wales. This was very well attended and looked to bring together the learning from across Wales on how the public and private sector could work together most effectively.
12. The update on the joint Ministerial Statement on Farming in Wales was noted. Board members highlighted the financial challenges for NRW and the agricultural industry of the Sustainable Farming Scheme (SFS) remit. The Chief Executive updated the Board on ongoing discussions around the SFS. NRW's response to the consultation had been circulated to the Board for information, and it was noted that a key concern was the lack of dedicated elements for protected sites. It was recognised that the debate on the SFS was polarised, but it was highlighted that there were common priorities of protecting and supporting the environment and communities in Wales.
13. The Executive Director of Evidence, Policy and Permitting (EPP) updated the Board on the ongoing work of the groups involved in the WG Biodiversity Deep Dive. The individual groups had now submitted their reports to the core group with recommendations to take forward, which would be made publicly available. These recommended substantial areas of work to meet the 30by30 targets. The key elements would be brought to the Board strategic session in May.

Item 5. Update Reports of Committees and Forums

14. Kath Palmer, Chair of the Audit and Risk Assurance Committee (ARAC) gave an overview of the meeting held on 7th March. An update was received from Audit Wales. Thanks were extended to Julie Rees from Audit Wales, whose term as NRW's auditor had ended. ARAC also received a Finance update and were informed that the signing of the Annual Report and Accounts (ARA) would be delayed until September. The format of the Annual Report was endorsed but ARAC asked for a more outcome-focused approach going forward. The quarterly Risk Management Report was scrutinised. It was recognised that the journey on risk management was ongoing and the recent Board session on risk appetite statements was noted. The Internal Audit

Quarterly Report noted that the Internal Audit Plan was on track for 2023-24 and the Audit Plan for next year was reviewed. There were four Internal Audit Reports; three offered a moderate opinion and one offered a substantial opinion.

15. Prof Steve Ormerod, Chair of the Evidence Advisory Committee (EAC) gave an update on work since the meeting held on 16th January. The next meeting would take place in May with a field visit in the Cardiff or Newport area.
16. Helen Pittaway, Chair of the Finance Committee (FC) updated the Board on the meetings held on 8th February and 5th March. The paper was taken as read. Both meetings had considered financial approvals. The main focus of discussions had been around the outturn for this year and Budget and Business Plan for next year. The Annual Review of Charges was endorsed. Discussions would take place around streamlining the process. The Key Performance Indicators (KPIs) and measures for the NRW2030 Programme were discussed. The independent review of the Flood Capital Programme was scrutinised. A presentation was received on pension fund investments. FC rescinded an earlier approval on the ICT partnership on the basis that legal opinion had now been received on this.
17. Prof Pete Fox, Chair of the Flood Risk Management Committee (FRMC), updated the Board on work since the meeting held on 11th January. A positive meeting attended with Geraint Davies had taken place on the Dysynni Internal Drainage District with Mabon ap Gwynfor, MS. Thanks were extended to Mabon ap Gwynfor, noting his constructive support for NRW's strategic priorities. Geraint Davies had also met with interested parties on the Tan Lan embankment. The next FRMC meeting in April would consider how to better manage the Flood capital spend prior to scrutiny by FC. It was agreed that Helen Pittaway as Chair of FC should join the FRMC meeting in April.

ACTION: Secretariat to share the invitation to the FRMC meeting in April with Helen Pittaway

18. Prof Calvin Jones, Chair of the Land Estate Committee (LEC), updated the Board on the meeting held on 13th February. The paper was taken as read. The UK Woodland Assurance Scheme (UKWAS) approach was confirmed with the Soil Association reappointed as NRW's assessor. LEC were still concerned with NRW's exposure due to the limited progress on the Alternative Timber Sales process and Timber Industrial Strategy (TIS). It was recognised that there were a number of reasons for the issues with progression, and clarity was awaited from WG on the TIS.
19. Mark McKenna, Chair of the People and Customer Committee (PCC) updated the Board on the meeting held on 1st March. The paper was taken as read. Thanks were extended to the teams for ensuring that the meeting was effective with the large number of items covered. The Wellbeing, Health and Safety Q3 Report was scrutinised and endorsed. A good report was received from the People Transformation Programme and PCC considered how this could integrate better with NRW2030. The implications of the Business Plan 2024/25 for People and Customer were discussed. PCC approved the Diversity and Inclusion Annual Report 2023-24 and the Gender Pay Gap Report for publication.

20. Dr Rosie Plummer, Chair of the Protected Areas Committee (PrAC) updated the Board on the meeting held on 22nd February. The paper was taken as read. The implications of the SFS for protected sites were highlighted. The outcome of the consultation was awaited but the significance of the SFS for the future management of protected sites for land owners and NRW was emphasised. The resource demands for NRW and landowners resulting from the SFS, along with the challenging requirements of the 30by30 biodiversity targets and land management agreements were recognised. PrAC received an update on the Protected Sites Programme and the prospect of further designations; it was recognised that the resource constraints would have implications for NRW's ability to deliver and manage them. The work on Special Area of Conservation (SAC) rivers was presented to PrAC. Details around collaborative working in this area were welcomed. The significant implications for planning functions around rivers and the links to the SFS were also noted.
21. Board members discussed the SFS and NRW's voice on the resource implications. The Chief Executive confirmed that this had been acknowledged in the consultation response to WG, and informed the Board that the funding to farmers and bodies in support would form a key part of the next stage of discussions. Work was taking place with WG officials to consider the implications of the SFS for NRW, with parallel work ongoing on its implementation and the requirements for this. The UK commitment to a global biodiversity framework was noted and the financial and legislative challenges to achieve this were acknowledged.
22. Prof Rhys Jones, Chair of the Wales Land Management Forum (WLMF), updated the Board. The paper was taken as read. A meeting of the WLMF Sub Group on Agricultural Pollution met with the Wales Fisheries Forum and the Wales Water Management Forum to discuss plans for monitoring. Conversations continued on the ways to keep moving forward to create the structure that would be most efficient.
23. Prof Steve Ormerod, Chair of the Wales Fisheries Forum (WFF) and Wales Water Management Forum (WWMF) updated the Board. The WFF would be meeting next week, and the Fisheries team would be updating on the work on migratory salmonids. The WWMF joint meeting with the WLMF was noted. The water monitoring programme was highlighted. It was explained that it would be important to preserve the monitoring trend, while developing an efficient and effective scheme for monitoring change. Ground water quality was also highlighted and the issues around this were described.
24. Geraint Davies, Chair of the National Access Forum for Wales (NAFW), updated the Board. The NAFW had met on 5th March and an update was received on the Recreation Strategy. An update was also received from the sub-group on the SFS for the Forum members to hear and raise their concerns. An application for new membership was being considered.

Item 6. Finance Performance Report

Presenter: Rob Bell, Head of Finance

25. The Head of Finance introduced the item and provided an overview of the paper, noting the Report was the position at the end of November. This had been scrutinised by the

Executive Team (ET) and by FC on 5th March. FC had approved the change to the forecast and payment into the Environment Agency Pension Fund (EAPF). The Board were asked to note the approval. Matters had been moving at pace. At the beginning of February, WG allocated a further £2m Revenue, £4m Capital, and £7m to the Pension Fund. The forecast for the year would be around £285m. An upturn had occurred in timber income, following a strong performance in February, and a small surplus was likely. Discussions had taken place with FC on how this would be used. The majority of the additional Capital would be included in the Flood Capital Programme plus some returned to Reservoirs. Work on the year end accruals was ongoing but the year was likely to be brought in on budget.

26. Board members thanked the Finance team for their hard work, recognising the achievement of bringing the finances in on budget, particularly in the challenging financial circumstances. It was acknowledged that WG had been very supportive, and thanks were offered to the Minister and officials.
27. Previous Board discussions were raised on whether there were any unintended consequences as a result of the Strategic Review of Charging (SRoC). It was noted that a review would take place once a full year's data had been received.
28. The Board noted the Finance Committee approval of payment into the EAPF pension fund of £6.894m.
29. The Board approved the changes to the latest forecast, from £270.2m to £272.8m and noted the financial performance to the end of January 2024.

NOTED: The Finance Committee approval of payment into the EAPF pension fund of £6.894m

APPROVED: The change to the latest forecast from £270.2m to £272.8m

Item 7. Business Plan Performance Dashboard Quarter 3 Report and Internal Performance Quarter 3 Report

Sponsor and Presenter: Clare Pillman, Chief Executive

30. The Chief Executive presented the Business Plan Performance Dashboard Quarter 3 (Q3) Report to the Board. The Red Amber Green (RAG) status of the measures were reported as: 14 Green, 8 Amber, 0 Red. Two of the Amber measures in Q3 cited resource issues as a factor but moving to year end outcomes, more were expected. A heatmap was shared of the year-end predictions. The issues were described around the Amber measures of 'Management of and input to programmes to address and restore habitats across Wales', and 'Area of new woodland created on the land in our care'. These were expected to be Green and Amber respectively at year-end. Resource issues and problems with the reporting systems were cited on the measure 'Deliver programmes to review statutory water quality requirements' and although currently Green, it was expected to be Amber at year-end. The measure 'Response to incidents initially categorised as 'High' within 4 hours' was now Green from Amber in Q2.

31. The Internal Performance Report for Q3 was presented. The measures were reported as: 6 Green, 3 Amber, 1 Red. The Red measure was the same as Q2 'Health and Safety Active Monitoring'. This was expected to be Green at year-end. This was an important part of the assurance and had been discussed at the Wellbeing, Health and Safety Forum. The staff absence rate measure was still under review, but it was anticipated that this would be reported from the next quarter.
32. Board members discussed the content of the Report. The Health and Safety Active Monitoring measure was noted, and it was queried what was being done to achieve a Green rating by year-end. It was explained that a lot of work was taking place with teams, including webinars and training sessions to ensure that everyone was aware of the requirements. It was noted that this was a system recording issue rather than a cultural problem. Board members were assured that the Amber measures would be achieved, although this was likely to be a mix of achieving at year-end and into Q1 and Q2 of next year.
33. The content of the strategic discussion session was highlighted around the importance of explaining how NRW were doing things differently, such as the approach to re-planting and progressing away from the use of chemicals on the Estate, and how this could be incorporated as an exemplar for others. The Chief Executive confirmed that the measures for the next cycle of reporting would include the use of exemplars.
34. It was queried whether there was a sense of whether the KPIs could skew activities and outcomes and if there would be measures beyond this which would be Red or Amber. It was recognised that this was an important consideration to keep under review. The relationship between KPIs and Service Level Agreements (SLAs) was also an important element.
35. Prof Calvin Jones provided an overview of the revised approach to performance reporting in line with the new Corporate Plan. It was proposed that KPIs would continue but with a move to outcome measures reported to the Board. These would be a mix of quantitative and qualitative measures plus narratives. It was recognised that KPIs would remain an important measure of business performance and the planned operational indicators would provide this level of assurance.
36. The Board approved the Business Plan Performance Dashboard Q3 Report and the Internal Performance Q3 Report.

APPROVED: The Business Plan Performance Dashboard Q3 Report and the Internal Performance Q3 Report

Item 8. Items for Approval

a) Wellbeing, Health and Safety Quarter 3 Report

37. The Executive Director of Corporate Strategy and Development gave a brief overview of the paper, noting that it had been scrutinised and endorsed by PCC on 1st March.

38. Board members noted the Health and Safety Active Monitoring as discussed in the previous item. It was queried whether there was a risk to the organisation through the monitoring of mandatory training without a Learning Management System in place.
39. The Executive Director of Corporate Strategy and Development confirmed that this matter was discussed at every PCC meeting, and provided assurance that it received the appropriate level of scrutiny to minimise any risks.
40. The Board approved the Wellbeing, Health and Safety Quarter 3 Report.

APPROVED: The Wellbeing, Health and Safety Quarter 3 Report

Item 9. AOB

41. No matters were raised under AOB.

Meeting Closed

Public Q&A

42. The Chair noted that no questions had been received in advance from members of the public.

Public Meeting Closed