

Environment (Wales) Act 2016 Part 1 - Sustainable Management of Natural Resources

Guidance on Natural Resources Wales' General Purpose

1. Background and context: Sustainable development and Wales' natural resources	3
1.1 Environment (Wales) Act part one - sustainable management of natural resources	3
1.2 Sustainable development.....	5
1.3 Ways of working	6
1.4 What this means for Natural Resources Wales.....	7
2. Guidance on Natural Resources Wales' general purpose	9
2.1 Purpose and scope of the guidance	9
3. Natural Resources Wales' general purpose	10
3.1 Background.....	10
3.2 Conflicts.....	12
3.3 Evidencing and reporting	12
4. State of Natural Resources Report.....	14
4.1 Purpose and intent	14
4.2 Technical requirements	15
Reporting on current state and trends	15
Assessment of the extent to which SMNR is being achieved	15
Future scenarios.....	16
Priorities and opportunities for action at the national level.....	16
An assessment of Biodiversity	16
Outcome indicators for SMNR at a national level	17
4.3 Draft Report.....	17
5. Area Statements.....	18
5.1 Purpose and intent	18
5.2 Priorities, challenges, opportunities in the Natural Resources Policy.....	19
5.3 Spatial elements	20
5.4 Scale	20

5.5 An integrated local level evidence base	21
5.6 Priority actions.....	21
5.7 Reporting.....	22
Annex.....	23
Natural Resources Wales’ general purpose: application across roles and functions and managing conflicts.....	23
Applying NRW’s general purpose and managing conflicts	25

1. Background and context: Sustainable development and Wales' natural resources

1.1 Environment (Wales) Act part one - sustainable management of natural resources

High quality natural resources and healthy, resilient ecosystems underpin social, economic, cultural and environmental well-being.

Part 1 of the Environment (Wales) Act sets out the legislative framework to ensure natural resources and ecosystems are resilient and able to provide benefits (ecosystem services) now, and for the future, through the **'sustainable management of natural resources'**. The legislation is based on international best practice, the ecosystem approach, drawing on the 12 principles established by the CBD¹.

Section 3 - The definition of the sustainable management of natural resources (SMNR)

(1) In this Part, "sustainable management of natural resources" means—

- (a) using natural resources in a way and at a rate that promotes achievement of the objective in subsection (2),
- (b) taking other action that promotes achievement of that objective, and
- (c) not taking action that hinders achievement of that objective.

(2) The objective is to maintain and enhance the resilience of ecosystems and the benefits they provide and, in so doing

- (a) meet the needs of present generations of people without compromising the ability of future generations to meet their needs, and
- (b) contribute to the achievement of the well-being goals in section 4 of the Well-being of Future Generations (Wales) Act 2015.

Section 4 - Principles of SMNR

The nine principles reflect the specific actions that need to be undertaken to work towards the objective of SMNR, drawn from international best practice, the ecosystem approach.

They are

- Manage adaptively, by planning, monitoring, reviewing and, where appropriate, changing action. This provides for an adaptive approach to decision-making. This involves generating new knowledge and seeking to reduce uncertainties, thereby allowing a decision-maker to anticipate and cater for change.

¹ The UN Convention of Biological Diversity (CBD) describes the ecosystem approach as 'a strategy on the integrated management of land, water and living resources that promotes conservation and sustainable use in an equitable way' and is widely recognised as international best practice for addressing the decline in biodiversity.

- Consider the appropriate spatial scale for action
- Promote and engage in collaboration and co-operation
- Make appropriate arrangements for public participation in decision-making
- Take account of all relevant evidence and gather evidence in respect of uncertainties
- Take account of the benefits and intrinsic value of natural resources and ecosystems
- Take account of the short, medium and long term consequences of actions;
- Take action to prevent significant damage to ecosystems;
- Take account of the resilience of ecosystems, in particular the following aspects
 - (i)diversity between and within ecosystems;
 - (ii)the connections between and within ecosystems;
 - (iii)the scale of ecosystems;
 - (iv)the condition of ecosystems (including their structure and functioning);
 - (v)the adaptability of ecosystems.

Section 5 - The general purpose for Natural Resources Wales (NRW) to pursue the sustainable management of natural resources and apply the principles of SMNR, in the exercise of its functions.

Article 4 of the Natural Resources Body for Wales (Establishment) Order 2012 sets a general purpose for NRW to pursue the sustainable management of natural resources, and apply the principles of SMNR, in the exercise of its functions. SMNR is the general purpose of Natural Resources Wales reflecting that high quality natural resources and healthy resilient ecosystems underpin well-being. The principles of SMNR apply across all NRW's functions and therefore to all functional teams and specialists across NRW.

Sections 8, 9 and 11 – define the adaptive delivery framework of State of Natural Resources Report (SoNaRR), Natural Resources Policy and Area Statements.

The adaptive delivery framework for SMNR in sections 8, 9 and 11 of the Environment (Wales) Act sets out a delivery framework for the sustainable management of natural resources in the national and local context:

- The State of Natural Resources Report (SoNaRR), produced by NRW, tracks the progress being made towards achieving the sustainable management of natural resources, and serves as an essential evidence base to underpin the Natural Resources Policy.
- The Natural Resource Policy sets out the Welsh Ministers national priorities, risks and opportunities for the sustainable management of natural resources and their general and specific policies for contributing towards achieving SMNR taking into account the evidence base in the State of Natural Resources Report. The sustainability appraisal for the Natural Resources Policy sets out how the priorities contribute across all the well-being goals.

- Area Statements, produced by NRW, facilitate the implementation of the Natural Resources Policy, including the national priorities, in the local context; working across public service delivery, NRW and more widely with stakeholders. Area statements also provide NRW with an opportunity to embed SMNR across its functions.

Sections 6 and 7 – provisions for a biodiversity and resilience of ecosystems duty and biodiversity lists of species and habitats of principal importance for Wales

Biodiversity is essential to our natural resources as it underpins the structure and functioning of our ecosystems and has wider economic, social and cultural significance. Action on biodiversity is embedded in the sustainable management of natural resources delivery framework, ensuring that biodiversity is considered as an essential element to contribute to the resilience of ecosystems. In particular in the principles of SMNR (the attributes of ecosystem resilience include biodiversity) and the Natural Resources Policy which sets out the requirement for resilient ecological networks as a priority for action, and therefore will be taken forward through area statements.

Section 6 of the Environment (Wales) Act introduced a stronger biodiversity and resilience of ecosystems duty for public authorities in Wales, which includes Natural Resources Wales. A public authority must seek to maintain and enhance biodiversity in the exercise of functions in relation to Wales, and in so doing promote the resilience of ecosystems, so far as consistent with the proper exercise of those functions. In complying, a public authority must take account of the resilience of ecosystems, in particular the following aspects—

- (a) diversity between and within ecosystems;
- (b) the connections between and within ecosystems;
- (c) the scale of ecosystems;
- (d) the condition of ecosystems (including their structure and functioning);
- (e) the adaptability of ecosystems.

Section 7 sets out that the Welsh Ministers must prepare and publish a list of the living organisms and types of habitat which in their opinion are of principal importance for the purpose of maintaining and enhancing biodiversity in relation to Wales.

1.2 Sustainable development

In the Well-being of Future Generations Act (WFG Act) ‘sustainable development’ means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals.

In the WFG Act, any reference to a public body doing something “in accordance with the sustainable development principle” means that *the body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.*

The WFG Act states that each public body must carry out sustainable development. The action a public body takes in carrying out sustainable development must include:

- a. setting and publishing objectives ('well-being objectives') that are designed to *maximise its contribution to achieving each of the well-being goals*, and
- b. taking all reasonable steps (in exercising its functions) to meet those objectives.

The seven well-being goals ('the goals') show the kind of Wales we want to see. Together they provide a shared vision for the public bodies listed in the Act to work towards. They are a set of goals; the Act makes it clear the listed public bodies must work to achieve all of the goals, not just one or two.

When publishing the well-being objectives a public body must also publish a statement

- (a) explaining why the body considers that meeting the objectives will contribute to the achievement of the well-being goals;
- (b) explaining why the public body considers it has set well-being objectives in accordance with the sustainable development principle, including how the body proposes to involve other persons with an interest in achieving the well-being goals and ensure that those persons reflect the diversity of the population of Wales (where the body exercises functions in relation to the whole of Wales)
- (c) setting out the steps the public body proposes to take to meet those objectives in accordance with the principle (including how it proposes to govern itself, how it will keep the steps under review and how it proposes to ensure that resources are allocated annually for the purpose of taking such steps);
- (d) specifying the periods of time within which the body expects to meet the objectives;
- (e) providing such other information as the body considers appropriate about taking the steps and meeting the objectives.

1.3 Ways of working

The WFG Act states that there are 5 things that public bodies need to think about to show that they have acted in accordance with the sustainable development principle. Following these ways of working will help Public Bodies in Wales work together better, avoid repeating past mistakes and tackle some of the long-term challenges we are facing.

The ways of working are

- Long term – the importance of balancing short-term needs with the need to safeguard the ability to also meet long term needs

- Prevention – How acting to prevent problems occurring or getting worse may help public bodies meet their objectives
- Collaboration – Acting in collaboration with any other person (or different part of the body itself) that could help the body to meet its well-being objectives.
- Involvement – the importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.
- Integration – Considering how the public body’s well-being objectives may impact upon each of the well-being goals, on their objectives, or on the objectives of other public bodies.

1.4 What this means for Natural Resources Wales

High quality natural resources and healthy, resilient ecosystems underpin social, economic, cultural and environmental well-being.

Evidence provided on the application of NRW’s general purpose to pursue SMNR in the exercise of its functions is a key means by which NRW may provide evidence on the implementation of the Sustainable Development duty in the WFG Act.

There are areas where NRW may demonstrate how SMNR and Sustainable Development are being implemented in practice at the same time. For example,

- The sustainable development principle is reflected in the definition of sustainable management of natural resources. The objective of SMNR is to maintain and enhance the resilience of ecosystems and the benefits (ecosystem services) they provide, and *in doing so meet the needs of present generations of people without compromising the ability of future generations to meet their needs, and contribute to the achievement of the well-being goals.*
- The proper application of the principles of sustainable management of natural resources deliver against the 5 ways of working set out in the WFG Act in relation to the sustainable management of natural resources and ecosystems.

When setting and publishing objectives (‘well-being objectives’) and producing statements explaining why the objectives will contribute to the achievement of the well-being goals:

- The SMNR principles will apply, as will the five ways of working.
- SoNaRR and the Natural Resources Policy (produced with the proper application of the principles of SMNR) are key resources from which NRW may draw, as these set out the national evidence base and the Welsh Ministers’ priorities for the sustainable management of natural resources.

When producing statements explaining why it considers it has set well-being objectives in accordance with the sustainable development principle:

- The SMNR principles will apply, as will the 5 ways of working.

When setting out steps NRW propose to take to meet the objectives in accordance with the principle (including how it proposes to govern itself, how it will keep steps under review and how it proposes to ensure that resources are allocated annually for the purpose of taking such steps; the time periods within which the body expects to meet the objectives and other appropriate information):

- NRW's corporate plan and annual business plans are key documents through which NRW may set out these requirements.
- Area statements are also key documents through which the steps NRW proposes to take to meet the well-being objectives can be documented
 - in so far as the extent to which the well-being objectives relate to an aspect of the Natural Resources Policy that the area statement is intending to address if they are being produced under section 11(1), or
 - in so far as the extent to which the well-being objectives relate to any other purpose in the exercise of its functions if they are produced under s11 (2).

2. Guidance on Natural Resources Wales' general purpose

2.1 Purpose and scope of the guidance

This guidance is issued to Natural Resources Wales (NRW) under article 5(1) of the Natural Resources Body for Wales (Establishment) Order 2012 ('the Establishment Order) in relation to its general purpose. Article 5(3) of the Establishment Order requires NRW to have regard to this guidance in discharging its general purpose.

The guidance is to be read in conjunction with the part 1 of the Environment (Wales) Act, associated explanatory notes and memorandum, and the Natural Resources Policy. It does not duplicate them, rather it sets out

- A process and reporting requirements for dealing with any conflicts between the general purpose and a specific function.
- Requirements for evidencing and reporting on NRW's general purpose and the Natural Resources Policy through area statements
- Technical requirements for the State of Natural Resources Report and Area Statements

This is a living document that will be updated and informed as the sustainable management of natural resources (SMNR) is applied in practice.

A copy of the Environment (Wales) Act and Explanatory Notes are available at the following link: <http://www.legislation.gov.uk/anaw/2016/3/contents/enacted>

The Explanatory Memorandum for the Act has been published on the Welsh Government's website at: <http://gov.wales/topics/environmentcountryside/consmanagement/natural-resources-management/environment-act/?lang=e>

The Natural Resources Policy is published on the Welsh Government's website at <http://gov.wales/topics/environmentcountryside/consmanagement/natural-resources-management/natural-resources-policy/?lang=en>

3. Natural Resources Wales' general purpose

3.1 Background

The Establishment Order established NRW as the environmental and conservation body in Wales and sets out its general functions. Article 4 of the Establishment Order set out the general purpose of NRW, which was to ensure that the environment and natural resources of Wales were sustainably maintained, enhanced and used for the benefit of the people, environment and economy of Wales today and in the future.

Section 5 of the Environment (Wales) Act substituted article 4 of the Establishment Order and sets out NRW's general purpose to pursue the sustainable management of natural resources:

The Body must both

(a) Pursue sustainable management of natural resources in relation to Wales, and (b) apply the principles of sustainable management of natural resources in the exercise of its functions, so far as consistent with their proper exercise.

The wording '*in the exercise of its functions, so far as consistent with their proper exercise*' applies to both parts of NRW's general purpose i.e. both (a) and (b).

The general purpose provides NRW with a consistent approach for the delivery of its functions, based on the ecosystem approach, so that the sustainable management of natural resources is the general purpose of NRW.

Sustainable management of natural resources in section 3 sets out

(1) In this Part, "sustainable management of natural resources" means—

- (a) using natural resources in a way and at a rate that promotes achievement of the objective in subsection (2),
- (b) taking other action that promotes achievement of that objective, and
- (c) not taking action that hinders achievement of that objective.

(2) The objective is to maintain and enhance the resilience of ecosystems and the benefits they provide and, in so doing

- (a) meet the needs of present generations of people without compromising the ability of future generations to meet their needs, and
- (b) contribute to the achievement of the well-being goals in section 4 of the Well-being of Future Generations (Wales) Act 2015.

Section 3 (1) sets out that the scope of SMNR includes not only how Wales' natural resources are used and managed directly, but also includes the impacts of other activities on those resources and ecosystem resilience.

Section 3 (2) sets out the objective of SMNR to maintain and enhance the resilience of ecosystems and the benefits (ecosystem services) they provide, and in doing so meet the needs of present generations of people without compromising the ability of future generations to meet their needs, and contribute to the achievement of the well-being goals in section 4 of the Well-being of Future Generations (Wales) Act 2015.

The principles of SMNR are set out in section 4. They are:

(a) Manage adaptively, by planning, monitoring, reviewing and, where appropriate, changing action.

This provides for an adaptive approach to decision-making. This involves generating new knowledge and seeking to reduce uncertainties, thereby allowing a decision-maker to anticipate and cater for change.

(b) Consider the appropriate spatial scale for action. This includes considering the appropriate local, regional or national spatial level to address issue(s).

(c) promote and engage in collaboration and co-operation;

(d) make appropriate arrangements for public participation in decision-making;

(e) take account of all relevant evidence and gather evidence in respect of uncertainties; Paragraphs (c), (d) and (e) require working with appropriate sectors of society. Decisions should be made in consideration of the evidence and information gathered from relevant stakeholders and different sectors of society, including for example, local communities and the public. The term “evidence” in this context is not solely a reference to scientific evidence and would include local knowledge as well as empirical data and scientific evidence.

(f) take account of the benefits and intrinsic value of natural resources and ecosystems; This requires that benefits (ecosystem services) that are provided by Wales’ natural resources and ecosystems are identified and considered, as well as the intrinsic value of those ecosystems and resources, which is the value of natural resources and ecosystems for their own sake. All provisioning, supporting, regulating and cultural benefits (or services) should be considered, as appropriate.

(g) take account of the short, medium and long term consequences of actions;

This requires short, medium and long term consequences to be considered, including the time lags and feedback times for ecosystems to respond to our interventions.

(h) take action to prevent significant damage to ecosystems;

This requires the taking of actions which can avert significant damage to ecosystems. This provides a preventive approach within the principles of sustainable management of natural resources.

(i) take account of the resilience of ecosystems, in particular the following aspects—

(i) diversity between and within ecosystems;

(ii) the connections between and within ecosystems;

(iii) the scale of ecosystems;

(iv) the condition of ecosystems (including their structure and functioning);

(v)the adaptability of ecosystems.

This requires that particular aspects of ecosystem resilience are considered. This list is not an exhaustive definition but identifies for the purpose of this Part, the key aspects of resilient ecosystems.

In this way, the provision introduces a consistent approach for the delivery of NRW's functions based on the ecosystem approach, for example: to consider the impacts of its decisions on the resilience of ecosystems and the ability of the ecosystems to deliver supporting, regulating, provisioning and cultural services and therefore the ability of our natural resources to meet the economic, social and environmental needs of current and future generations.

3.2 Conflicts

NRW's general purpose applies across all of NRW's functions (which are contained in a wide range of legislation) and therefore across all of its statutory duties and powers. The general purpose does not override a specific function and has been designed so as not to provide a legal conflict with NRW's existing functions or duties. However

NRW will need to consider how its general purpose works alongside its other duties on a case by case basis. **See the Annex.**

3.3 Evidencing and reporting

When NRW delivers on any function, it must evidence how the general purpose has been met or that there are steps being taken to contribute to it. Under schedule 1, paragraph 22 of the Establishment Order NRW is required to prepare an **annual report** on how it has discharged its functions during the year. This will be the reporting mechanism by which NRW will report on progress

NRW must set out the following in its annual report:

In relation to its general purpose to pursue SMNR in the exercise of its function

- The ways in which the general purpose has been taken forward in relation to NRW's different roles and functions
- The identification of any conflicts between the application of the general purpose and a specific function and;
- The ways in which operational practices have been amended to embed SMNR and any barriers identified.

How the Natural Resources Policy, including the national priorities, have been implemented in a local context through Area Statements including;

- A statement on how and why action has been prioritised for greatest impact and benefit, so there is a clear link back to the sustainability appraisal for the Natural Resources Policy which states that *nature based solutions targeted at areas that would benefit the most - location, scale and pace at which projects come forward - is key*. Area statements play a key role in delivering the spatial element of the Natural Resources Policy through identifying the areas in Wales where taking action at the right scale, both directly by NRW and through advocating action by others, can maximise benefits and identify synergies across policy areas. The aim is for action by NRW and others to be focussed in areas of most benefit and for these areas to be clearly identified, together with the rationale for why they have been prioritised.
- Outcome indicators for SMNR for Area Statements, complementing the national outcome indicators in SoNaRR where relevant;
- Performance measures on the actions that NRW as an organisation is taking to address the national challenges, opportunities and priorities for SMNR set out in the Natural Resources Policy in Area Statements.

It also provides a means by which NRW can report annually on the steps taken and progress it has made in meeting its well-being objectives.

4. State of Natural Resources Report

4.1 Purpose and intent

Section 8 - Duty to prepare and publish state of natural resources report

(1) NRW must prepare and publish reports in accordance with this section containing its assessment of the state of natural resources in relation to Wales.

(2) Each report must, among other things, set out—

(a) NRW's assessment of the extent to which sustainable management of natural resources is being achieved;

(b) NRW's assessment of biodiversity (including the living organisms and types of habitat included in any list published under section 7);

(c) what NRW considers to be the main trends and factors that are affecting, and are likely to affect, the state of natural resources;

(d) any aspects of the state of natural resources about which NRW considers that it does not have sufficient information to make an assessment.

(3) NRW must publish its first report before the end of four months starting with the day this section comes into force.

(4) Subsequently, NRW must publish a report before the end of the calendar year preceding a year in which an ordinary general election is due to be held.

(5) NRW must publish a draft of each report required by subsection (4) before the end of the calendar year preceding the year in which the report must be published.

(6) In this section, “ordinary general election” means the poll held at an ordinary general election under section 3 of the Government of Wales Act 2006 (c. 32).

The purpose of the State of Natural Resources Report (SoNaRR) is to:

- Provide a comprehensive and centralised national evidence base on the sustainable management of natural resources in Wales, which is regularly reviewed and updated to reflect current conditions.
- Provide an assessment of the state and trends of natural resources and ecosystems², and an assessment of the extent to which SMNR is being achieved.
- Provide a baseline for and to subsequently measure how Wales is progressing in achieving the objective of SMNR.
- Provide evidence to inform the identification of national risks, priorities and opportunities for SMNR.

In doing so, it will

² Ecosystems are functioning systems made up of biodiversity, the supporting environment (air, water, minerals, soil) and the interactions between them.

- Ensure that the delivery of the Natural Resources Policy in a local context through an area statement is informed by the appropriate evidence.
- Ensure that the local evidence provided in the preparation of an area statement is captured by future reviews of SoNaRR.
- Make available the information needed for Welsh Ministers to set priorities for contributing towards SMNR at the national level.

4.2 Technical requirements

SoNaRR will provide a national evidence base to include the following

Reporting on current state and trends

Evidence at the national level on the current state and trends of Wales' natural resources, and the resilience of ecosystems and the services they provide including

- Key drivers and pressures that have caused those trends
- Any key uncertainties
- Risks to the resilience of ecosystems and opportunities to manage those risks.
- An understanding of the level of services our ecosystems are currently providing, and the inter-relationships between them. To include areas currently providing high levels of service, areas where service enhancement is possible, areas of opportunity.

Assessment of the extent to which SMNR is being achieved

An assessment of the extent to which sustainable management of natural resources is being achieved, using the following 4 measures:

- Natural resources are not continuously declining and are not being used faster than they can be replenished
- The health and resilience of our ecosystems across the four attributes of ecosystem resilience is not being compromised and where there is an opportunity, is being enhanced
- The supply of different ecosystem services is being optimised (for ecosystem resilience and supply of benefits for well-being).
- The benefits derived from ecosystem services are being fairly and equitably distributed and the contribution they make to well-being is meeting our basic needs and is not declining now or in the long term.

What we want to measure	Why do we want to measure it?
Stocks of natural resources (renewable, and non renewable) in relation to current, and anticipated future demand	<p>This will enable us to have a reasonable account of the use, and rate of use, of a broad range of renewable natural resources, to determine whether they are likely to be stable, in decline, or used faster than they can replenished, at any point in time. In the case of non-renewable resources, sustainable management requires an equitable distribution of benefits between current and future generations with:</p> <ul style="list-style-type: none"> • A rate of depletion allowing identification of sustainable substitutes once the resource

What we want to measure	Why do we want to measure it?
	<p>has been exhausted and</p> <ul style="list-style-type: none"> • The capture of at least some of the current benefits for the benefit of future generations
The attributes of the resilience of ecosystems (including biodiversity)	We want to ensure that our ecosystems retain (and regain) their resilience and capability to deliver the services on which we depend, now and for the future.
The range of services that we are getting from ecosystems	By taking action to build ecosystem resilience, we want to ensure that the supply of ecosystem services is optimised, both for ecosystem resilience and benefits for well-being.
<p>The distribution of ecosystem benefits across the needs of society now and in the future.</p> <p>The contribution of Wales' stocks of natural resources and ecosystem services across the Well-being goals.</p>	<p>We want to ensure that we are providing ecosystems benefits in the most optimal way. This includes</p> <ul style="list-style-type: none"> • Ensuring there is a fair and equitable distribution of benefits across society so that they are meeting our basic needs • the contribution ecosystem services and stocks of natural resources make across the well-being goals is optimised.

Future scenarios

Evidence at the national level on future changes; key drivers and pressures that could result in future changes to natural resources and ecosystems, including

- How they may affect the future state and resilience of ecosystems and the services they provide
- The key issues/vulnerabilities to be considered,
- A range of plausible scenarios and how the key issues and vulnerabilities may play out in each.

Priorities and opportunities for action at the national level

An assessment of the priorities and opportunities for action to include

- Where action to protect and improve natural resources and ecosystem resilience should be focussed for greatest impact; and why.
- Where action on the distribution of ecosystem services to meet societal needs should be focussed for greatest impact; and why.
- Where action on the contribution of Wales' natural resources and ecosystem services can be taken to maximise their contribution across the Well-being goals.

An assessment of Biodiversity

An assessment of biodiversity (including the living organisms and types of habitat included in any list published under section 7). Biodiversity means the diversity of living organisms, whether at the genetic, species or ecosystem level, and plays a key role in the functioning of ecosystems.

Outcome indicators for SMNR at a national level

The State of Natural Resources report will provide a set of indicators to measure and monitor progress being made towards the sustainable management of natural resources in Wales, which will support the National Indicator set. In particular these indicators should allow us to assess progress against the 4 measures of SMNR, provide a baseline for and measure progress on how Wales as a nation is moving towards SMNR.

4.3 Draft Report

A draft report is due 12 months prior to each full report to start to inform the Natural Resource Policy. It will

- describe what is emerging as changes in terms of what the evidence is telling us since the last SoNaRR.
- describe newly identified evidence gaps and any update to previously identified evidence gaps; how filling the gaps is being prioritised and include any work being initiated to address them.
- include an update on the look and feel of the next report.

New evidence becoming available during the following 12 months will be included in the final report, along with any recommendations for policy arising from it.

5. Area Statements

5.1 Purpose and intent

Section 11 - Area statements

- (1) NRW must prepare and publish statements (“area statements”) for the areas of Wales that it considers appropriate for the purpose of facilitating the implementation of the national natural resources policy.
- (2) NRW may use the area statements for any other purpose in the exercise of its functions.
- (3) Each area statement must—
- (a) explain why a statement has been prepared for the area, by reference to—
- (i) the natural resources in the area,
 - (ii) the benefits which the natural resources provide, and
 - (iii) the priorities, risks and opportunities for the sustainable management of natural resources which need to be addressed;
- (b) explain how the principles of sustainable management of natural resources have been applied in preparing the statement;
- (c) state how NRW proposes to address the priorities, risks and opportunities, and how it proposes to apply the principles of sustainable management of natural resources in doing so;
- (d) specify the public bodies which NRW considers may assist in addressing the priorities, risks and opportunities.
- (4) NRW must ensure that every part of Wales is included in at least one of the areas for which it prepares an area statement.
- (5) NRW must—
- (a) take all reasonable steps to implement an area statement, and
- (b) encourage others to take such steps.
- (6) NRW must keep area statements under review and it may revise them at any time.
- 7) Before publishing an area statement, NRW must consider whether—
- (a) another plan, strategy or similar document should be incorporated into the area statement, or
- (b) the area statement should be incorporated into another plan, strategy or similar document.

The purpose of area statements is to facilitate the implementation of the Natural Resources Policy. In doing so they will

- Deliver the national challenges, opportunities and priorities, which focus on delivering outcomes of most benefit for Wales.

- Identify the location and scale (where relevant) to address the national challenges, opportunities and priorities in the Natural Resources Policy³,
- Provide an integrated local level evidence base
- Monitor and measure SMNR outcomes, and how the NRP has been implemented, at a local level.

5.2 Priorities, challenges, opportunities in the Natural Resources Policy

Area Statements are about facilitating the implementation of the Natural Resources Policy, which sets out the national challenges, opportunities and priorities for the sustainable management of natural resources.

Environment (Wales) Act section 11

(1) NRW must prepare and publish statements (“area statements”) for the **areas of Wales that it considers appropriate for the purpose of facilitating the implementation of the natural resources policy.**

(2) NRW may use the area statements for any other purpose in the exercise of its functions.

(4) NRW must ensure that every part of Wales is included in at least one of the areas for which it prepares an area statement.

Activity will be focussed on delivering outcomes of most benefit for Wales, as set out in the national challenges, opportunities and priorities below, together with any local risks and opportunities for SMNR identified through their development. Area statements also provide NRW with an opportunity to embed SMNR across its functions, prioritise and drive action and inform NRW’s corporate business planning.

The national challenges and opportunities for the sustainable management of natural resources, identified in the NRP are:

- Reverse the decline in biodiversity
- Safeguard and increase carbon stores in soils and biomass
- Maintain productive capacity, in particular by improving soil quality and biosecurity
- Reducing the risk of flooding
- Supporting climate change mitigation and adaptation through ecosystem approaches
- Reducing noise pollution and pollution levels in our air, and enhance air quality
- Improve the quality and ensure the quantity of our water
- Taking action to reduce the pressures on natural resources, such as through resource efficiency and renewable energy
- Supporting preventative approaches to health outcomes, with a particular focus on key public health issues of transport related air and noise pollution, tackling physical inactivity and mental health.
- Supporting action to tackle health and economic inequalities

³ Section 11 requires NRW to facilitate the implementation of the national natural resources policy by preparing, publishing and implementing ‘area statements’. Subsection (4) requires that NRW must ensure that every area of Wales is covered by one or more area statements but that the number, siting, and geographical extent of the areas in relation to which statements are produced is determined by it, in accordance with what they consider to be most appropriate for facilitating the implementation of the policy.

- Supporting community cohesion
- Supporting secure and stable employment.

The National Priorities for taking action to both tackle the challenges and realise the opportunities are:

- Delivering nature-based solutions, with a particular focus on the following which have been identified in SoNaRR and the NRP as delivering the greatest benefit for both building ecosystem resilience and delivering wider benefits across the well-being goals.
 - Developing resilient ecological networks. Resilient ecological networks are about linking up Wales’ protected sites with other biodiversity hotspots and the wider countryside, so that species are able to move within them as required for all stages of their life cycles. Developing networks will involve targeted habitat restoration and the development of landscape-scale projects and nature-based solutions.
 - Increasing green infrastructure in and around urban areas
 - Coastal zone management and adaptation
 - Increased canopy cover and well located woodland for greatest ecosystem service value
 - Maintaining, enhancing and restoring floodplains and hydrogeological systems to reduce flood risk and improve water quality and quantity
 - Restoration of uplands and managing them for biodiversity, carbon, water, flood risk, energy and recreational benefits
- Increasing resource efficiency (including moving towards a circular economy) and renewable energy
- Taking a place based approach.

5.3 Spatial elements

Many of the national priorities set out above have a spatial element to their delivery. The sustainability appraisal for the Natural Resources Policy has identified that *nature based solutions targeted at areas that would benefit the most - location, scale and pace at which projects come forward - is key*. Area statements play a key role in delivering the spatial element of the Natural Resources Policy through identifying the areas in Wales where taking action at the right scale, both directly by NRW and through advocating action by others, can maximise benefits and identify synergies across policy areas. The aim is for action by NRW and others to be focussed in areas of most benefit and for these areas to be clearly identified, together with the rationale for why they have been prioritised.

5.4 Scale

The following table illustrates the scale for tackling the national challenges and opportunities which have a spatial element to their delivery.

National challenge or opportunity	Spatial scale for action
Reverse the decline in biodiversity	Ecosystem
Safeguard and increase carbon stores in soils	Determined by sensitivity

and biomass	
Maintain productive capacity, in particular by improving soil quality and biosecurity	Determined by sensitivity
Reducing the risk of flooding	Catchment
Supporting climate change mitigation and adaptation through ecosystem approaches	Ecosystem
Reducing noise pollution and pollution levels in our air, and enhance air quality	Determined by sensitivity
Improve the quality and ensure the quantity of our water	Catchment or land/sea interface
Increase renewable energy	Local factors
Supporting preventative approaches to health outcomes	Determined by sensitivity
Many issues are linked with each other and can be dealt with through the same options/solutions – in particular, through the national priorities for SMNR identified above.	

5.5 An integrated local level evidence base

In developing area statements, local evidence on SMNR will be gathered. Area statements will provide an integrated, local, evidence base, building on and to inform the national evidence base in the State of Natural Resources Report. Local Development Plans, National Park and AONB Plans, Well-being Assessments must have regard to the evidence in area statements.

Environment (Wales) Act section 11

(3) Each area statement must explain why a statement has been prepared for the area, by reference to

- the natural resources in the area,
- the benefits which the natural resources provide, and
- the priorities, risks and opportunities for the sustainable management of natural resources which need to be addressed

In relation to section 11 (3) (iii) of the Act ‘the priorities, risks and opportunities for the sustainable management of natural resources which needs to be addressed’; ‘priorities’ refers to the national priorities set out in the Natural Resources Policy above. It is not the intent that new priorities will be developed through the Area Statements development process. ‘Benefits’ mean ecosystem ‘services’.

5.6 Priority actions

Area Statements are central to the delivery of NRW’s general purpose and enable NRW to plan, prioritise and drive all their activities going forward.

Environment (Wales) Act section 11

(3) Each area statement must

- explain how the principles of sustainable management of natural resources have been applied in preparing the statement
- state how NRW proposes to address the priorities, risks and opportunities, and how it proposes to apply the principles of sustainable management of natural resources in doing so
- specify the public bodies which NRW considers may assist in addressing the priorities, risks and opportunities.

(5) NRW must

- take all reasonable steps to implement an area statement, and
- encourage others to take such steps.

Some of the national priorities, challenges and opportunities are about action that NRW can take directly as an organisation with the wide range of tools and levers it has to implement SMNR - for example, through regulation, providing advice and support and through direct land management activities. The new tools in the Environment (Wales) Act – experimental powers and land management agreements – will be vital in delivering the outcomes. Valuation also has a role to play.

However, to deliver the national priorities, challenges and opportunities, NRW will need to work with, and encourage, others to take action. NRW will play a key role in facilitating collaborative action, and putting in place measures to address any barriers towards collaborative working.

5.7 Reporting

Under schedule 1, paragraph 22 of the Establishment Order NRW is required to prepare an annual report on how it has discharged its functions during the year. This will be the reporting mechanism by which NRW will report on progress in relation to its general purpose to pursue SMNR and on how the Natural Resources Policy has been implemented in a local context through Area Statements. **See section 3.3.**

Annex

Natural Resources Wales' general purpose: application across roles and functions and managing conflicts

NRW fulfils many different roles.

- **Adviser:** *principal adviser to Welsh Government, and adviser to industry and the wider public and voluntary sector, and communicator about issues relating to the environment and its natural resources*
- **Regulator:** *protecting people and the environment including marine, forest and waste industries, and prosecuting those who breach the regulations that we are responsible for*
- **Designator:** *for Sites of Special Scientific Interest – areas of particular value for their wildlife or geology, Areas of Outstanding Natural Beauty (AONBs), and National Parks, as well as declaring National Nature Reserves*
- **Responder:** *to some 9,000 reported environmental incidents a year as a Category 1 emergency responder*
- **Statutory consultee:** *to some 9,000 planning applications a year*
- **Manager/Operator:** *managing seven per cent of Wales' land area including woodlands, National Nature Reserves, water and flood defences, and operating our visitor centres, recreation facilities, hatcheries and a laboratory*
- **Partner, Educator and Enabler:** *key collaborator with the public, private and voluntary sectors, providing grant aid, and helping a wide range of people use the environment as a learning resource; acting as a catalyst for others' work*
- **Evidence gatherer:** *monitoring our environment, commissioning and undertaking research, developing our knowledge, and being a public records body*

Within any sector or system, NRW may fulfil multiple roles. NRW will step into these different roles at different points in the decision making process. The degree of flexibility and discretion open to NRW in fulfilling each role will vary, depending on the under-pinning legislation, Welsh Government policy and guidance. Understanding the different roles NRW plays will help understand what needs to change to align that role to the SMNR objective and principles.

To add to this complexity, NRW's role in a specific sector or system may be defined in legislation, policy or guidance owned by others within the system. This may relate to Welsh Government Policy or Guidance or that of other public bodies in Wales (for example Local Authorities). This means that in some instances NRW is dependent on a sequence of changes to guidance owned by Welsh Government and/or Local Government.

To fully embed the requirements of the new purpose across the roles and functions of NRW will take time. Welsh Government is committed to working with NRW through a joint programme to work through the detail of the required changes in NRW policies, procedures and guidance. In some instances, the joint work may highlight the need for changes to the underpinning legislation. We have committed to focus on the priorities identified in the

Natural Resources Policy. An example of the scope of work required and a decision flow chart is set out below. Progress will be reported through NRW's Annual Report.

Applying NRW's general purpose and managing conflicts

NRW's general purpose is a general duty that sits alongside every function. In discharging its general purpose, NRW must exercise each function for the purpose(s) for which that function was given i.e. NRW must achieve the purpose of the function and comply with specific obligations imposed by that function. The general purpose can affect the exercise of a function **only within the extent to which NRW has discretion to act**. With certain functions, there may be very little discretion. With others, there may be significant discretion.

Processes may be designed to deal with these issues, which could be at a policy/process or legislation level as relevant to the function (or for a number of functions grouped together as a process).

This tool illustrates how NRW could 'show the workings' in relation to NRW's decision making to support its general purpose.

It is important to consider the specific function(s) within the wider system and different roles across the system in which NRW operates (as illustrated through the example provided for woodland and forestry below).

1. Function	What is the function being discharged and the purpose of that function? Note where the function sits within the wider system in which NRW operates.
2. Objective of SMNR What we are seeking to achieve Refer to section 3.1 of the guidance	How does the objective of SMNR relate to the purpose of the function?
Steps 1 and 2 above inform the next steps.	
3. Principles of SMNR How we need to work Refer to section 3.1 of the guidance	Taking into account steps 1 and 2 above, consider how the all the principles of SMNR apply within that context.
4. Develop options	The aim here is to explore a wide range of options (in relation to the specific part of the wider system in which the function operates) through applying the principles of SMNR in the context of steps 1, 2 and 3 above. <ul style="list-style-type: none"> • How will the options change in the short / medium term once area statements are

	available?
5. Solution	Considering all the above, what is the optimal solution in relation to the exercising of the specific function? To the extent where there is one option for exercising that function, NRW needs to determine which is best, having regard to all its general and specific functions including the general purpose.
6. Identify any conflicts in applying SMNR across a function Section 3.2 of the guidance sets out: NRW's general purpose applies across all of NRW's functions (which are contained in a wide range of legislation) and therefore across all of its statutory duties and powers. The general purpose does not override a specific function and has been designed so as not to provide a legal conflict with NRW's existing functions or duties. However, NRW will need to consider how its general purpose works alongside its other duties on a case by case basis.	Have any conflicts been identified? If so, report this in the annual report to inform the joint programme. <ul style="list-style-type: none"> ➤ If it is a conflict in relation to a policy position - flag up as an issue for consideration during the next revision of the Natural Resources Policy in the annual report. ➤ If it is a conflict in relation to legislation or a legal duty - flag up through the annual report ➤ Is it neither, but where a question of judgement is involved that is not currently resolved through mechanisms identified in current legislation or regulation and where there may be an element of challenge? If so 'show your ways of working' and provide evidence and confidence levels to support your approach. Individual functions may require specific new mechanisms to be put in place to deal with this.
7. Identify any conflicts across the wider system in which the function operates.	Have any conflicts been identified? <ul style="list-style-type: none"> ➤ If so, report this in the annual report to inform for the joint programme, and identify the part of the system where change is needed.

Area Statements to be developed by 2020

- Deliver the NRP in a local context
- Provide NRW with a means of embedding SMNR across functions
- A key means of reporting steps taken by NRW in the context of SMNR.

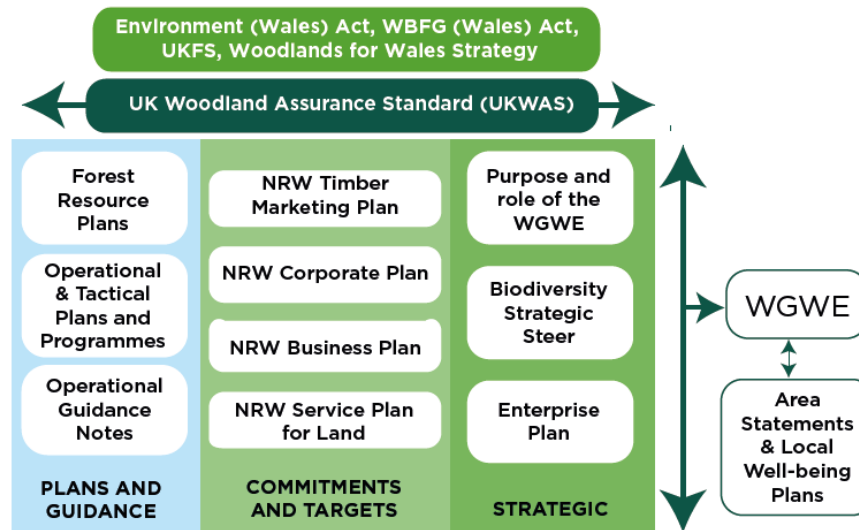
Workshops on National Priorities in the NRP

- June 18
1. Delivering urban green infrastructure
- September 18
2. More, better located woodland
- October 18
3. Managing uplands for recreation, biodiversity, water quality and flood risk management, carbon
- November 18
4. Managing catchments for water quality, water resources and flooding
 5. Circular economy approaches tbc

National Priority: More, better located woodland

Illustration of the range of functions and activities that NRW performs

Figure 3: NRW delivery framework for the WGWE



The different roles NRW plays

Technical advisor to Welsh Government on the Woodland Strategy

- Advises on the wider benefits Wales' woodland provides for well-being.

Manager/operator for the WG Woodland Estate to ensure legal compliance and accreditation against UKWAS.

- Forest Resources Plans set out for stakeholders what needs to be done at the spatial scale
- Meet legal requirements as a land management, for example Health and Safety

Manager and advisor for woodlands as part of the protected site network.

Designator for SSSI's which include woodlands, National Parks and AONB's

Regulator

- EIA
- Felling licences
- Statutory consultee relating to protected sites which include woodland

Glastir Woodland Creation programme - **on behalf of WG**