



Ein cyf/Our ref: JJ-3379-22

Sir David Henshaw
Chair
Natural Resources Wales
Ty Cambria House
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VIA E-MAIL chair.office@naturalresourceswales.gov.uk

23 December 2022

Dear David,

Term of Government remit letter for Natural Resources Wales

I am writing to set out the strategic objectives for Natural Resources Wales (NRW) during the 2022-26 term of government. This letter should be taken together with the governance framework document; your annual funding letter; and your annual flood and coastal erosion risk management remit letter.

These objectives will remain for this term of government unless revoked, altered or amended at the direction of Welsh Ministers. This letter, in addition to any directions provided by us, shall remain in effect until the succeeding government provides a new remit letter.

1.0 Government Objectives

The overarching purpose of NRW, as set out in the *Environment (Wales) Act*, is the sustainable management of natural resources in relation to Wales. As such, NRW's delivery of its crucial role as Wales' regulator and as a Civil Contingencies Act Category 1 responder, ensures that the environment and natural resources of Wales are sustainably maintained, enhanced and used for the benefit of the people, environment and economy of Wales today and in the future.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

In keeping with your overarching purpose, NRW shall seek opportunities to integrate its work and activities with the overarching well-being objectives identified in our Programme for Government (PfG), in particular our aim to:

- 'Build a stronger, fairer greener economy as we make maximum progress towards decarbonisation';
- 'Embed our response to the climate and nature emergency in everything we do';
- 'Build an economy based on the principles of fair work, sustainability and the industries and services of the future';
- 'Celebrate diversity and move to eliminate inequality in all of its forms';
- 'Push forward towards a million Welsh speakers, and enable our tourism, sports and arts industries to thrive'; and
- 'Make our cities, towns and villages even better places in which to live and work'.

In doing so, I expect you and colleagues from Welsh Government to work collaboratively, and through established legislative, regulatory and cabinet processes, to deliver on the following priorities:

Circular Economy and Clean Air

- Work collaboratively with the Welsh Government to deliver extended producer responsibility reforms to incentivise waste reduction by businesses, alongside improvements in business and public sector recycling and waste tracking as a key part of NRW's role as the regulator of the circular economy in Wales.
- Support the delivery of the PfG commitment to 80 re-use and repair hubs in town centres community recycling facilities in town centres and promote repair and re-use facilities, encourage zero-waste shopping and wider cultural change in businesses and communities to move further up the waste hierarchy.
- Support the extension of air quality monitoring, assessment and reporting. Providing expert advice to support the implementation of provisions in the Clean Air (Wales) Bill, collaborative actions to encourage positive behaviour change for the continuous reduction of exposure to air pollution across Wales.
- Support the development of infrastructure using circular economy principles to reduce landfill gas emissions consistent with Net Zero Wales commitments.
- Work with Welsh Government to modernise the industrial environmental permitting regime, including explicitly aligning regulators' functions under the *Environmental Permitting (England and Wales) Regulations 2016* with the Welsh Government policy presumptions against the consenting of all large incineration facilities and new fossil fuel-fired power stations, and developing and implementing future Best Available Techniques for industry in support of PfG commitments.
- During the planning phase of projects, work to strengthen the promotion of walking and cycling as we make Wales an active travel nation.
- Reduce the need to travel to work with adoption of hybrid work practices, where employees can work at home, locally or in the office, supporting action to tackle air pollution and climate change.

Energy

- Support delivery of our commitment to avoid extraction of fossil fuels in Wales, including the provision of data and information necessary to support devolved fossil fuels licensing functions.

- Apply regulatory processes, resources and supporting evidence to remove unnecessary barriers and support sustainable and renewable energy developments, including innovative energy solutions. In particular, support the delivery of the recommendations from the Deep Dive on renewable energy to increase the speed of delivery of renewable projects and associated infrastructure, including our ambitions for marine energy.
- Work in partnership with the Renewable Energy Developer Programme and support the Welsh Government, public bodies and community groups on the expansion of renewable energy generation projects on the Welsh Government Woodland Estate (WGWE).
- Work with the Welsh Government to provide evidence, advice and support to help shape an effective, successful and innovative Tidal Lagoon Challenge that can succeed, including supporting and advising applicant(s) who are seeking relevant consent for projects and participating in the Welsh Government Marine Energy Programme (MEP) Programme Board.

Flood and Coastal Erosion Risk Management, Sustainable Drainage and Climate Adaptation

- Support prioritisation and delivery of additional flood protection for more than 45,000 homes.
- Develop and deliver a nature-based flood management programme for all major catchments in Wales for integrated delivery of multiple benefits including wetland, woodland, sustainable drainage and biodiversity in addition to potential decarbonisation benefits.
- Support wider action to improve climate change adaptation and resilience planning, including in relation to landfills sites and improving our approach to drainage and surface water management.
- Help to minimise the risk of tip landslides by continuing to contribute to the First Minister's Coal Tip Safety Task Force, supporting the development and introduction of new legislation, operational and resilience work, working to ensure regulatory alignment including, as a priority, finalising of the Collaborative Working Protocol, and monitoring and maintaining disused tips on the NRW estate.
- Work with Sustainable Drainage Systems (SuDS) Approval Bodies and applicants to provide quality timely advice in its role as a statutory consultee; to work with delivery partners, particularly local planning and highways authorities, developers and water companies, to optimise implementation of the existing SuDS regulations and delivery of the Welsh Government's review on implementation to date. This should include dedicated resource for performing your statutory consultee responsibilities in relation to applications to SuDS Approval Bodies, and for supporting the Welsh Government's SuDS policy programme, in particular helping to identify and develop options for Ministers to consider to meet the Programme for Government commitment to legislate to strengthen the requirements for the use of Sustainable Drainage Systems that provide wildlife habitat.
- Actively engage with the forthcoming trial and longer-term roll-out of the UK Emergency Alerts system in support of the Welsh Government's participation in the programme, ensuring alignment as appropriate with NRW's new Flood Warning Service which is currently under development.

Forestry, Nature, Designated Landscapes and Countryside Access

- Support the delivery of the National Forest for Wales by managing the existing WGWE National Forest woodlands to deliver the outcomes and investments that best result in achieving our national forest objectives.
- Support communities to create 30 new woodlands and connecting habitat areas (i.e., that connect areas of woodland) – recruiting National Forest officers to work with landowners to achieve this.
- Support the development of a timber industrial strategy, working to supply timber in ways that maximise social and environmental value.
- Contribute to deliver the recommendations of the tree and biodiversity deep dives, and any additional specific NRW actions resulting from the deep dives.
- Take forward a programme to consider our commitment to designate a new national park to cover the Clwydian Range and Dee Valley.
- Implement the National Peatland Action Programme to restore at least 3,000 hectares of peatland by 2025 and support/prioritise accelerated delivery where opportunities arise.
- Respond to outbreaks of tree diseases on woodland while also supporting the wider work of Welsh Government, Animal and Plant Health Agency (APHA) and Forestry Commission and others in delivering the GB plant biosecurity strategy and the GB Invasive non-native species strategy.
- Support Welsh Government and local authorities with the provision of evidence and advice as they develop a new major routes fund to improve the attractiveness and biodiversity of areas alongside major transport routes into Wales.
- Support Designated Landscapes to tackle the climate and nature emergencies, as well as to provide opportunities for the public to engage with nature.
- Promote access to the countryside including through the management and development of the Wales Coast Path (including celebrating its 10th anniversary) and your own sites, and in doing this, promote the Countryside Code. Contribute to the development of access management efficiencies and reforms.
- Further develop and deliver the Nature Networks Programme including the overall strategic approach, refining priorities and delivery mechanisms, and partnering on the Nature Networks Fund grant scheme with Heritage Lottery Fund.
- Support the implementation and delivery of the recommendations arising from the biodiversity deep dive including the development of nature recovery exemplar areas.
- Provide evidence and advice to inform and support the development and implementation of the Sustainable Farming Scheme, including exploring the opportunity to support sustainable land management through your powers to provide Land Management Agreements to support the transition to nature's recovery.
- Support the delivery of the Litter and Fly-tipping Prevention Plan and the PfG commitment to abolish the use of unnecessary or commonly littered single use plastic products. This includes providing advice on environmental monitoring against this objective.
- Support the Welsh Governments agendas on single use plastic, the climate and nature emergencies by promoting sustainable alternatives, including wider use of sustainable timber.
- Exemplify and encourage behaviour change away from single use products towards more sustainable alternatives among employees and visitor centre users across the NRW estate.

Marine and Fisheries

- Support development of Marine Planning for the recovery and sustainable use of marine ecosystems, providing advice and leading on action to reverse the decline of the marine and coastal environment of Wales, completing and managing our Marine Protected Areas network; ending destructive forms of fishing; protecting sensitive marine features and targeted practical recovery interventions e.g., reinstating seagrass habitats.
- Work with the Welsh Government and stakeholders to address recommendations from the end-to-end review of marine licensing.
- Support the development and implementation of a coastal restoration scheme including taking forward projects to be directly delivered by NRW.

Water Quality

- Support strategic work to begin to designate Wales' inland water for recreation and work with the Welsh Government and wider stakeholders to maximise the opportunities for suitable potential sites.
- Work collaboratively with the Welsh Government to provide applied evidence, environmental planning, programme development, internal/external statutory advice, and guidance in relation to introduction, implementation and enforcement of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021.
- The Chair of NRW to continue to lead and convene groups to drive forward action to improve water quality, ensuring action owners continue to focus on their commitments from the summit at the Royal Welsh.
- Work with the Welsh Government to provide evidence, advice and support to improve water quality across Wales and to strengthen water quality monitoring, compliance and enforcement; in particular to support the work of the SAC Rivers Oversight Group (development and implementation of interventions); Better River Quality Taskforce and water company business planning.

In response to this remit, I expect you to produce an updated Corporate Plan by 1 April 2023. As well as discharging your own responsibilities to have Well-being Objectives under the *Well-being of Future Generations Act 2015*, your corporate planning should be clear as to how those objectives align with the Welsh Government's overarching Well-being objectives and particularly those set out above. Your progress against the Act will also be independently monitored by the Welsh Commissioner for Future Generations.

As part of developing your Corporate Plan and your Annual Business Plans, I would also like to see realistic project and milestone delivery plans, setting out how, and when, you will achieve the objectives therein. NRW's priorities should also be set out to scale and account for potential variations in year over year funding, which I know our joint work on the development of Service Level Agreements will help with. These documents will be some of several mechanisms to help support my officials and I in discharging our oversight of NRW.

2.0 Core Responsibilities

As a Welsh Government Sponsored Body, you are required to prioritise the delivery of your statutory obligations and regulatory functions in the pursuit of your overarching purpose. These include, but are not limited to, duties assigned to you in the

Environment (Wales) Act 2015; the Natural Resources Body for Wales (Establishment) Order 2012; and, the Natural Resources Body for Wales (Functions) Order 2013; and, any lawful direction from Welsh Ministers.

Activities that are not statutory or identified as a priority in this letter are discretionary and should be identified for potential efficiency savings to meet your overall objectives. I am grateful for the work that you conducted on the Baseline Review Exercise which I know will help in this regard. Going forward, your activities are to be properly mapped in milestone format and reported to me through officials on a quarterly basis with relevant risks, issues, mitigations and delivery confidence highlighted. I expect you to immediately flag delivery challenges with proposed mitigations for my consideration as required.

As an organisation of the Welsh Government, you are required to ensure NRW meets the highest standards of professionalism and is a safe, respectful, rewarding and welcoming place for your staff to work. Your actions should be guided by an evidenced-based approach, and the organisation agile and forward thinking to respond to the ever-changing needs of society. The people of Wales are counting on you to ensure today's policies, programmes and services meet their needs, now and into the future, and are delivered with due regard to the public purse.

NRW has a key role to play in the team Wales approach and collaborative development of reforms in partnership with the Welsh Government, Local Government, wider public sector, in particular to deliver against the climate and biodiversity crisis. This will also require strong partnerships across sectors with stakeholders to deliver effectively. I expect you to seek the advice and hear the perspectives of a wide range of citizens, in both official languages, while developing meaningful relationships with local authorities, other regulators, civil society and stakeholders across Wales, and further afield, to make life better for our citizens.

3.0 Funding and Financial Management

Since your previous remit letter, Wales has been confronted by the Covid-19 pandemic – a crisis which has devastated many lives and livelihoods nation-wide – and now a serious cost of living crisis being fuelled by soaring inflation and economic instability as a result of global factors. Unprecedented expenditure to combat Covid-19 and maintain our economy requires us to ensure the highest standards in the handling and control of public funds going forward. In light of these realities, as with other areas of government, you will be asked to do more with your existing budget allocation.

NRW will continue to receive annual funding letters, setting out the Grant in Aid (GiA) settlement for each financial year. You are accountable for the effective and efficient use of public resources and must ensure NRW is accountable for the prudent stewardship of public funds and the safeguard of public assets.

3.1 Grant in Aid Settlement 2022/23

For the fiscal year **2022-23**, I have approved Welsh Government financial support for NRW as £112,022,000, with the eligible GiA settlement being £92,664,000. This is the level of cash GiA which may be claimed from Welsh Government in the financial year and has been adjusted for non-cash expenditure (i.e., depreciation), cash retained at the year end, non-eligible funding and any working capital requirements.

Your GiA settlement is as follows:

<u>Revenue</u>	<i>2022-2023 in £'s</i>
2022-23 Revenue Draft Budget baseline (including depreciation, core non-flood)	69,717,000
Invest to Save reinstatement	447,000
2022-23 Revenue Final Budget (GiA Non Flood Core)	70,164,000
2022-23 Flood GiA Revenue Budget	22,500,000
2022-23 Total Revenue First Supplementary Budget GiA	92,664,000
<u>Capital</u>	<i>2022-2023 in £'s</i>
2022-23 Capital Draft Budget baseline (Core Non Flood)	2,400,000
Less Invest to save repayment	-42,000
2022-23 Capital Final Budget (GiA Non Flood Core)	2,358,000
2022-23 Flood GiA Capital Budget	21,800,000
2022-23 Total Capital First Supplementary Budget GiA	24,158,000
2022-23 Total GiA at Final Budget & 1st Supplementary	116,822,000
<u>GiA Adjustments</u>	
Non-cash (depreciation)	-10,000,000
2022-23 Total GiA - First Supplementary Budget (Cash)	106,822,000
Core GiA	62,522,000
<i>Flood and Coastal Erosion Risk Management</i>	44,300,000

The allocation of funding for Flood and Coastal Erosion Risk Management and the priorities for the current financial year (2022-23) have been communicated to you. The allocation is included above for completeness. The income which may be retained for revenue resource purposes should be in line with the Governance Framework.

In addition to the sums specified above, and further to NRW's official request of 15 February 2022, I can confirm that an additional £7,300,000 GiA may be available for NRW to draw down in 2022-23 upon evidence of need to deliver your overarching purpose and/or PfG commitments. This is the third year that an exceptional allowance has been granted to NRW after Welsh Ministers have directed NRW to bring forward proposals to balance your overall spending within your assigned budget. While the completion of your baseline review has helped in this regard, it will be paramount for NRW to make appropriate management decisions this fiscal year that allows it to

successfully operate within its operating budget from 2024 onwards. There will be no further guarantees of additional or extraordinary funding from this fiscal year.

Over the term of this government, net new statutory or programme functions may be assigned to NRW. Where such proposals are made by Welsh Government, it is imperative for NRW to provide my officials an evidenced-based assessment of the impact of our proposals and what, if any, additional financial support you may require implementing them. Such assessments should form part of the Ministerial Advice from Welsh Government officials seeking approval of such proposals. I have also communicated this expectation to my officials.

3.2 Additional Income and Grants

In addition to GiA funding, from time to time, NRW will receive grants and other non-settlement funding to deliver specific projects and/or outcomes from a variety of different sources. To maintain effective oversight of all NRW income and ensure the delivery of its overall objectives, NRW is required to report to the Sponsorship Team without delay any additional funding received; the particulars of the funding; and a business, project or milestone delivery plan for the project or outcome to be delivered as a result of the funding.

As a matter of course, NRW's financial planning should be aligned to the timing of the Welsh Government's budget cycle. From April 2021, NRW's accounts have been consolidated within the Welsh Government. Therefore, NRW is expected to comply with all relevant financial and budget accounting, regulations, policies and practices of the Welsh Government. This should be undertaken alongside regular reporting and dialogue with my officials.

4.0 Oversight and Accountability

As your Minister, I am accountable to the Senedd for your actions. At regular intervals, I will require strategic assurance on NRW's ability to deliver its responsibilities and remit. Your ability to provide my officials and I with real-time management information will be critical.

Your Sponsorship Team is headed by Dr Gian Marco Currado, and the normal point of contact within the team is Ryan Doyle. I direct you to provide any and all information which may be requested from time to time by the team, or their delegates, acting on my behalf or in the administration of public services. It is important NRW continues to meet regularly and engage openly and transparently with its Sponsorship Team to discuss oversight, reporting arrangements and to ensure the effective use of public money.

I have asked my officials to work with you to ensure there is regular reporting for assurance purposes on the following key areas:

- Strategic governance, funding and financial management, including regular review of financial performance;
- Performance monitoring, including business, project and milestone delivery plans aligned to your key performance indicators; and
- Risk management and assurance, including effective processes to escalate risks to Welsh Government.

Lastly, I expect you to ensure your board members and employees are aware of, and fully compliant with, all relevant governance policies and guidelines, including codes of

conduct and conflict of interest. I expect members and employees of NRW to uphold the highest ethical standards, consistent with the Nolan Principles, in all of their actions. These are obligations which are not fully discharged by simply acting within the law.

I know I can count on you to fulfil the important responsibilities entrusted in you. It is incumbent on you to turn to me and my officials early and often to support you in delivering your key priorities. I look forward to working with you and your team.

Yours sincerely



Julie James AS/MS

Y Gweinidog Newid Hinsawdd
Minister for Climate Change