



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Mercher, 7 Mai 2014
Wednesday, 7 May 2014

Cynnwys **Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

Cyfoeth Naturiol Cymru—Sesiwn Graffu Cyffredinol
Natural Resources Wales—General Scrutiny Session

Papurau i'w Nodi
Papers to Note

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfo
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Mick Antoniw

Llafur

Labour

Russell George

Ceidwadwyr Cymreig

Welsh Conservatives

Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

**Eraill yn bresennol
Others in attendance**

Yr Athro/Professor Peter Matthews	Cadeirydd, Cyfoeth Naturiol Cymru Chair, Natural Resources Wales
Dr Emyr Roberts	Prif Weithredwr, Cyfoeth Naturiol Cymru Chief Executive, Natural Resources Wales

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Alun Davidson	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Nia Seaton	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 09:30.
The meeting began at 09:30.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Alun Ffred Jones:** Bore da. A gaf i eich croesawu i gyd i'r pwyllgor? Rydych yn gwybod y rheolau ynglŷn â'r larymau tân. Os bydd larwm tân, bydd angen i bawb ddilyn y swyddogion allan. Dylai ffonau symudol fod wedi eu diffodd. Mae'r Cynulliad yn gweithredu yn ddwyieithog ac felly, mae croeso i chi gyfrannu yn Gymraeg neu yn Saesneg. Peidiwch â chyffwrdd y botymau ar y meicroffonau. A oes unrhyw Aelod eisiau datgan buddiant ariannol o dan Reol Sefydlog 2.6? Gwelaf nad oes. O ran ymddiheuriadau, rydym yn gwybod bod lle gwag ar y pwyllgor ar ôl i Vaughan Gething ymadael ac rydym wedi derbyn ymddiheuriadau hefyd gan Llyr Gruffydd.

Alun Ffred Jones: Good morning. May I welcome you all to the committee? You know the rules regarding the fire alarms. If there is a fire alarm, everyone will need to follow the ushers out. Mobile phones should be switched off. The Assembly operates bilingually, so you are welcome to participate in Welsh or in English. Do not touch the buttons on the microphones. Does any Member want to declare a financial interest under Standing Order 2.6? I see that no-one does. In terms of apologies, as we know, there is a vacancy on the committee after Vaughan Gething left and we have also received apologies from Llyr Gruffydd.

09:31

Cyfoeth Naturiol Cymru—Sesiwn Graffu Cyffredinol
Natural Resources Wales—General Scrutiny Session

[2] **Alun Ffred Jones:** Y sesiwn gyntaf y bore yma yw craffu ar waith Cyfoeth Naturiol Cymru, ac rwy'n falch iawn o allu croesawu Emyr Roberts, y prif weithredwr, a chadeirydd Cyfoeth Naturiol Cymru, Peter Matthews. Nid ydym wedi cyfarfod o'r blaen, Mr Matthews, felly croeso mawr i chi. A ydy'r offer yn gweithio?

Alun Ffred Jones: The first session this morning is a scrutiny session on the work of Natural Resources Wales, and I am very pleased to be able to welcome Emyr Roberts, the chief executive, and the chair of Natural Resources Wales, Peter Matthews. We have not met before, Mr Matthews, so a warm welcome to you.

[3] Is the translation working?

[4] **Alun Ffred Jones:** Mae ar sianel 1. Iawn. Fe'ch croesawaf chi unwaith eto, Mr Matthews, ac edrychwn ymlaen at gyfle i'ch holi ynglŷn â gweithredu gweithrediad Cyfoeth Naturiol Cymru ar ôl blwyddyn, mwy neu lai, o fodolaeth. Deallaf eich bod yn awyddus i wneud cyflwyniad byr ar y dechrau. Mae gennym nifer o gwestiynau, felly bydd rhaid i ni fod yn fyr yn ein cwestiynu a gobeithio bydd yr atebion yn gryno hefyd. Felly, diolch yn fawr iawn i chi am ddod atom ni, a ffwrdd a chi.

Alun Ffred Jones: It is on channel 1. Okay. I welcome you once again, Mr Matthews, and we look forward to this opportunity to question you about the work of Natural Resources Wales after a year, more or less, of its existence. I understand that you are keen to give us a brief presentation at the beginning. We have a number of questions, so we will need to be succinct in our questioning and we hope that the answers will also be succinct. Therefore, thank you very much for coming to us, and please start.

[5] **Professor Matthews:** Bore da. It is a very great pleasure for us to come before you today. Thank you for the opportunity and the invitation. In our first 12 months, we hit the ground running with an organisation delivering to the environment, the economy and the communities of Wales. In that short time, significant ground has been made so that our organisation is in the strongest position possible to deliver on the purpose of ensuring that the environment and natural resources of Wales are sustainably maintained, sustainably enhanced and used now and in the future. We have a fully functioning board and a strong executive. We have met, and, indeed, bettered our budget targets, coped with environmental challenges, made steps in changing our culture and contributed to the improvement of the environment and economy of Wales.

[6] I gave you a commitment that we would contribute to the creation of a greener, wiser, wealthier and healthier Wales, and I believe that our first year has demonstrated our commitment and we have made progress. However, of course, we have many challenges to meet and we still have much to do. I am now going to hand over to Emyr, who will give you some more precise information about the successes and the challenges of the past year.

[7] **Dr Roberts:** Thank you, chairman—diolch yn fawr iawn. Perhaps I can give some examples of the kind of work that we have been doing during our first year. On the conservation and environmental achievements side, we have completed the LIFE project, one of Europe's largest projects, to restore fens in Anglesey and in Gwynedd. This is part of our ongoing wetland restoration work, which helps to improve wildlife habitats, water quality and reduce flood risk. In terms of economic achievements and enterprise, our visitor centres have attracted 50,000 more visitors over the past year. We are attracting new business to our visitor

centres. We are working with partners such as Forest Holidays to bring forward new projects on our woodland estate. We have generated about £1 million of additional income through additional volume of timber in responding to the buoyant market, and our wind energy programme remains on track, including our flagship Pen y Cymoedd project.

[8] In terms of increasing access to recreation, we have completed our new visitor centre at Coed y Brenin, which has world-class mountain bike trails, as well as a new endurance running course. We are currently celebrating the second anniversary of the Wales coast path, which has been a huge success. In terms of consultation and expert knowledge, we are working with developers on several large-scale planning applications, such as the Swansea bay tidal lagoon, and Energy Island in Anglesey.

[9] In terms of flooding, and preparedness and resilience to flooding, we have dealt with the wettest winter and the harshest coastal storms to hit Wales in many decades, and our second report on coastal flooding was published last week. Flood schemes that have been built in the last year alone have improved the level of protection for more than 1,000 properties.

[10] In terms of stakeholder engagement, the chairman has met over 50 stakeholders over the past year, and I have met dozens of businesses and communities across all parts of Wales, on top of meetings with organisations and individuals, to explain our work and to listen to their views. We have also maintained continuity of business during a time of transition.

[11] The development of a single culture for Natural Resources Wales continues to be a priority, and a significant programme of activity is ongoing. We appointed the executive and leadership team early, to shape and lead the integration, and we are currently recruiting to the next tier. Two rounds of organisational-wide staff engagement have taken place—the conversation, *y sgwrs*—to talk to staff and to listen to their views and their feelings. We have developed organisational values, and are continuing to work to embed these values in our ways of working.

[12] We are about to issue our proposals for the total reward package, which includes the alignment of pay and other conditions of service, and we have worked very closely with the trade unions in the development of these. We continue to move from legacy systems—our finance, human resources, and information technology systems—towards a single NRW system, and this will be largely completed by the end of 2014. Over the year, the accommodation strategy has delivered a number of quick-wins, and we continue to work on our longer-term rationalisation of our offices and depots.

[13] Our focus going forward is to use innovative and creative approaches to manage natural resources in Wales in an integrated way. By introducing an integrated approach to managing land, water and resources, we can develop better, more sustainable solutions to the challenges in the Welsh environment. We have instigated three pilot projects in the Tawe, Rhondda and Dyfi, to demonstrate how integrated natural resource management can work in practice, and we will work in a joined-up way throughout our policies and activities.

[14] Finally, NRW is expected to deliver benefits of £158 million over 10 years. Despite the pressures that we have absorbed during the first year, we remain confident that these benefits can be delivered.

[15] Diolch yn fawr i chi i gyd.

Thank you all very much.

[16] **Alun Ffred Jones:** Diolch yn fawr iawn am y sylwadau hynny. Fe wnaf i ddechrau'r holi. Hoffwn ofyn i chi am eich

Alun Ffred Jones: Thank you very much for those comments. I will start the questioning. I wish to ask you about your staffing structure,

strwythur staffio, a pha bryd y bydd y strwythur staffio newydd wedi ei chwblhau.

and about when the new structure is likely to be completed.

[17] **Dr Roberts:** Rydym wrthi'n gweithio drwy'r strwythur staffio ar hyn o bryd. Fel y soniais yn gynharach, rydym wrthi'n recriwtio ar hyn o bryd ar gyfer y swyddi rheoli o fewn Cyfoeth Naturiol Cymru. Bydd y broses hon yn cymryd tua dau neu dri mis; rwy'n gobeithio y byddwn wedi cwblhau'r broses honno erbyn dechrau'r haf. Fodd bynnag, yr ydym eisoes yn gweithio mewn ffordd integredig ar draws y strwythur i gyd, fel ein bod yn medru cynnal gwasanaeth cyflawn i bobl.

Dr Roberts: We are working through the staffing structure at present. As I mentioned earlier, we are in the process of recruiting at present for the management posts within Natural Resources Wales. This process will take two to three months; I hope that we will have completed the process by the beginning of the summer. However, we are already working in an integrated manner across the whole structure, so that we are able to maintain a full and complete service for people.

[18] **Alun Ffred Jones:** Rwy'n deall bod hwn yn gyfnod anodd, pan ydych yn dod â chyrrff fel hyn at ei gilydd. Felly a ydych yn credu y bydd y broses hon o osod staff yn ei lle wedi ei chwblhau erbyn diwedd yr haf?

Alun Ffred Jones: I understand that this is a difficult period, when you are bringing various bodies together. So, do you think that this process of putting staff in place will be completed by the end of the summer?

[19] **Dr Roberts:** Bydd. Fe wnaethom gymryd tipyn bach o amser i feddwl am hyn i gyd, i wneud yn siŵr bod y strwythurau yr oeddem yn eu hawgrymu yn gywir. Hefyd, mae proses o ymgynghori gyda'r staff a chyda'r undebau ynglŷn â'r ffordd o weithio ar hyn. Felly, mae wedi cymryd tipyn bach mwy o amser na'r hyn yr oeddem yn ei ragweld, ond, fel yr oeddwn yn ei ddweud, yr ydym yn ei chanol hi ar hyn o bryd, ac rwy'n gobeithio y byddwn wedi cwblhau hyn erbyn diwedd yr haf.

Dr Roberts: Yes. We did take quite a bit of time to consider all of this, to ensure that the structures that we were proposing were the right ones. Also, there is a process of consultation with the staff and the unions about how we approach this. So, it has taken slightly longer than what we had anticipated to begin with, but, as I was saying, we are in the process of doing this at present, and I hope that we will have completed this by the end of the summer.

[20] **Alun Ffred Jones:** Beth am y byrddau draeniau mewnol? Rwy'n deall bod y rheini'n cael eu hymgorffori i Gyfoeth Naturiol Cymru. A ydy'r broses honno'n digwydd, neu wedi digwydd?

Alun Ffred Jones: What about the internal drainage boards? I understand that they will be incorporated within Natural Resources Wales. Is that process happening, or has it happened?

[21] **Dr Roberts:** Mae'n digwydd ar hyn o bryd. Y cynllun yw iddynt ddod i mewn o fis Ebrill 2015. Mae gennym fwrdd prosiect sy'n gweithio ar hynny ar hyn o bryd, ac rydym yn ymgynghori â staff yn y byrddau.

Dr Roberts: It is actually happening now. The plan is for them to come in from April 2015. We have a project board that is working on that at the moment, and we are consulting with staff at the boards.

[22] **William Powell:** I wanted to ask a further question on the internal drainage boards. Given the international, England-Wales dimension of some of those boards, how are you ensuring that there is a fully joined-up approach in the work of those boards? I know that there was some apprehension, particularly in Montgomeryshire, for example, where I have had close contact with members of the drainage board previously, as to how that can be done in a streamlined fashion.

[23] **Dr Roberts:** As I said to the Chair, we have the project group working on this at the

moment with a programme manager. It is very much a joint effort with the Welsh Government at this stage. You are quite right; two of the three drainage boards are cross-border ones. So, part of the job here is to make sure that the English functions are picked up by the right authority in England, while we focus on the Welsh organisation. We have a range of work streams working on this, including finance and the staffing side, as well as the legislation. It is going according to plan but, clearly, it is important to integrate that work properly. We do see the huge advantages in the work coming to Natural Resources Wales. We can then integrate that work with the existing flood prevention work that we do, for instance. So, we think that there are advantages in doing that, but it does need to be handled correctly.

[24] **William Powell:** How are you ensuring that there is a strong level of community engagement? I think that that was one of the strengths of the previous structure, drawing on direct relations with landowners and other stakeholders. How is that being ensured for the future?

[25] **Dr Roberts:** That issue is also very much under consideration. We do very much want to keep that local involvement with the drainage boards. As you say, the views of the local landowners in particular, and other stakeholders as well, are really important. We are discussing with Welsh Government at the moment the precise form of those structures, but it is important to maintain the local contact going ahead.

[26] **William Powell:** Thanks for that. We are going to move to some of the wider issues of governance. Could you give us a little more insight into the operation of NRW's board and its relationship with the senior staffing structure? I would also ask whether the board is now fully back up to complement after the tragic loss of Morgan Parry recently.

[27] **Professor Matthews:** We established very early on, as we have reported previously, a classic governance structure. So, very early on, we appointed an audit committee, a remuneration committee, and we have a committee that deals with the statutory responsibilities for protected sites. However, it is very important that the board makes sure that it is restricting its considerations and discussions at board meetings to strategic principles. We do not want our board meetings dipping down into a lot of detail. However, our board members do have a lot of expertise and a lot of experience, and so, we established five board groups—in fact, it is now six board groups—in which the board members work with the executives and make their expertise, knowledge and experience available. So, there is a very productive working relationship between the executives and the non-executives in terms of policy development.

[28] When the papers and the policies come to the board meetings—which are held in public—I would say that we do a very good job in offering a non-threatening challenge to the propositions being put forward to us by Emyr and his team. We do exactly what the board should do, which is to be supportive but not supine. We challenge in a non-threatening way, and I think that the relationship has developed in a very healthy way.

[29] **William Powell:** Is the board fully back up to speed?

[30] **Alun Ffred Jones:** Sorry, but did you want to come in, Russell?

[31] **Professor Matthews:** Sorry; may I answer that last question? No, we have not appointed a new member, and the Minister is considering the next round of appointments in November.

[32] **Russell George:** Continuing on the governance theme, what opportunities are there for board members to interact and speak with staff—not senior staff, but staff on the ground?

09:45

[33] **Professor Matthews:** In any organisation, it is very important that we understand what the roles are of the executives and the non-executives. One thing that Emyr and I have been very careful to avoid is our board members becoming too involved in the executive day-to-day processes. However, in the knowledge groups, which I have just described to you, which are based on the economy, the environment, communities, enterprise and transition, there is very close working between members of the staff and our board members. Our board members have also been appointed as champions; so, we have a champion for health and safety, for example, and for equality and diversity. Our board members go out within those roles and meet a very wide range of staff throughout the whole of the country.

[34] **Russell George:** I am pleased to hear that. My next question was whether board members did have specific duties. I think that that is good. However, you are saying that they are going out, perhaps separately to senior staff, to speak with staff on the ground about those various issues.

[35] **Professor Matthews:** We have a very open culture, but I think that you would understand that—. One of the things that I said earlier is that we have a responsibility matrix. One of the things where organisations go wrong is when people do not understand what they are responsible for. I think that, at the very first committee meeting that we attended, we said that we were very clear about what my responsibilities are, what the Minister's responsibilities are, what my responsibilities and what Emyr's responsibilities are, what the directors are responsible for, and what the board members are responsible for. So, instead of having terms of reference for these board committees and knowledge groups, we have terms of responsibility. We have responsibilities defined in job descriptions in job roles. So, everyone is very clear about what they are responsible for.

[36] **Russell George:** Finally, Chair, one issue that is often raised with me in casework, and we have also heard evidence to this effect in the committee, relates to the importance placed on the independence of Natural Resources Wales from the Welsh Government. Could you perhaps talk to that point around the governance structures that you have in place, and are you content that you do have structures in place to have a role that is completely independent of Welsh Government?

[37] **Professor Matthews:** Yes. I think that we have to look at the much bigger picture. We are all trying to deliver—in my own words—a greener, wiser, wealthier, healthier Wales. Emyr and I believe that we will achieve that by being part of the team that delivers those aspirations, rather than being on the outside yah-booming and criticising. I have absolutely no compunction whatsoever in saying that we have a close but very clearly defined relationship with the Welsh Government. One of our roles is as an adviser to the Welsh Government. So, I am very proud of the fact that we have a very good working relationship with the Welsh Government, but we are at arm's length and we do have our own views. We do not always agree with everything that the Welsh Government has said and is doing. We have offered our advice as to where things might be done differently.

[38] **Russell George:** Do you have an example of where you do differ on something?

[39] **Dr Roberts:** I think that the most high-profile example, perhaps, has been our views on the M4 relief road, where our position is that we believe that there are more sustainable solutions to that particular problem. We submitted that evidence to the Welsh Government and that is under consideration. As the Chair has said, we look at every case on its merits. We come to a professional view—an objective view—without regard to whether it is a Welsh Government project or anyone else's project.

[40] **Antoinette Sandbach:** Mr Matthews said that you had very clear structures in place to stop, as it were, political interference. What are those structures, because there has been extensive public criticism of NRW and there is the perception, whether that is true or not, that, in fact, NRW is far too close to the Welsh Government?

[41] **Professor Matthews:** Let me make it clear to this committee, and in public, that there is no political interference or pressure on what we do from anyone. We are independent. We have our own views. However, as I have said right at the beginning, we are part of the delivery team for a greater Wales, and I am very proud of the fact that the aspirations that we have are coincident with the aspirations of all of the Members of the Assembly. I would say that the idle speculation driven in the media is unfounded, and I take this opportunity of rebutting it completely.

[42] **Antoinette Sandbach:** With the greatest of respect, there may be some people who are concerned when NRW has taken a position on one thing and has then done a u-turn and put in a different environmental report. However, my question to you was: what structures or governance procedures do you have in place to ensure—and I understand that you have said that it does not happen, but we are asking you about governance—that that does not happen?

[43] **Professor Matthews:** Well, first of all, the relationship between us and the Welsh Government is defined in a performance document and in the remit letter, and that sets things out very clearly, and I think that Emyr would agree that we negotiated that very hard. I look upon this as our contract with the Welsh Government. So, we negotiated very hard and there were many things in that performance document, and even in the original remit letter, where we took a pretty strong line in terms of making sure that we are indeed an arm's-length body. That perhaps is one example, I think you would agree, Emyr, of where we certainly did exercise our independence. Adhering to the relationship that is defined in those documents ensures that we behave in the way that you would hope we behave, which is as an arm's-length body.

[44] **Alun Ffred Jones:** Thank you. Julie Morgan is next.

[45] **Julie Morgan:** I was going to ask for examples of where you have a different view to the Government's view. Obviously, you have given the M4 relief road as one example. I just want to ask about the actual process of you letting the Welsh Government know what your views are and then pursuing your views with the Welsh Government.

[46] **Professor Matthews:** If I may come in first, the idea that, somehow, the board or the chairman and so on are subject to political influence and that we interfere with what executives are doing—. Going back to a couple of questions ago, I described the role of the board looking at strategy and defining the principles around which we will behave. We let the executives get on, so decisions—and I do not want to mention any particular decisions—that have been a bit controversial where some people have been disappointed with the decision we took and some people have been pleased with the decision we took have been determined by our own technical people on the basis of evidence that they have available. I have not applied pressure; Emyr has not applied pressure; and the Minister has not applied pressure to us. We have gone about our business as a professional, wise organisation, using the evidence that is available to us.

[47] **Julie Morgan:** I am not suggesting that there is any political interference at all—

[48] **Professor Matthews:** This is very, very clear—

[49] **Julie Morgan:** I just want to know about the process and how you pursue issues where you may have a different point of view. I am not suggesting any pressure at all.

[50] **Dr Roberts:** Just to explain on that point, the whole point behind creating Natural Resources Wales was to bring together the skills and expertise of almost 2,000 staff. So, in a case like that or with another significant project—even with small-scale projects—we very much leave it to the experts to look at the evidence and what is being proposed and to come up with a view on that. As the chairman said, neither I nor other senior executives try to second-guess that process. The knowledge is very much in those teams as they bring together that evidence and respond to it. So, we very much depend on what they do. Our job is to make sure that all aspects of the proposal have been considered, and I am satisfied that that does happen. In that particular case, obviously, it was a written consultation so we responded in writing. Other issues are much more informal, if you like, and where we have a particular view on things we will express that view in meetings with Welsh Government officials. So, there is a variety of ways in which we express our views.

[51] **Julie Morgan:** Thank you.

[52] **Alun Ffred Jones:** Joyce Watson is next.

[53] **Joyce Watson:** Thank you, Chair. My question is about your evidence. I am sorry I was late; you might have already said something about this. You said that you have some gaps and pressures in your skill base, and you mentioned the ecosystems approach as one of those. I was just going to ask whether you have managed successfully to fill the gaps that you previously mentioned so that you now do have someone who understands—to use your example—the ecosystems approach and what that means.

[54] **Dr Roberts:** When Natural Resources Wales was established, we recognised, from the outset, that there were various skills gaps. That is an ongoing process. We are still discovering areas where we need to strengthen either the numbers or particular skills areas. I chair a monthly meeting at which we look at our staffing requirements and at how we can plug those gaps. Ideally, we do this by growing our own within the organisation, but if we are not able to do that we go outside to recruit, and we have recruited some people. So, it is an ongoing process. We are still discovering this; I think it would be fair to say that. However, a year on, we have a much clearer picture of those areas that we need to continue to develop and those areas where we have enough staff or skills in post.

[55] **Joyce Watson:** Thank you for that answer. The reason I picked that point was because as a committee we are currently looking at legislation of which ecosystems form a part. As an independent body that advises or comments on the work of the Government, I was wondering how you were going to fulfil your function, as I have just described, if you are not up to strength and do not fully understand, for example, the ecosystems approach.

[56] **Dr Roberts:** It is an interesting issue, because what we are trying to do here is unique, in a sense. We are bringing all of these disciplines together—water management, forestry, environmental matters such as pollution control, and a whole range of things that are scientific. We are in the process of bringing those skills together for people to look across the piece at what is going on. So, for somebody who might have been a forestry expert, for instance, it is important that they understand the implications of the water directive and so on. That is genuinely an ongoing process. However, more and more, we are spending quite a lot of time talking to staff to explain the ecosystems approach. In fact, the second conversation that I referred to was focused on the ecosystems approach. So, we are raising the level of awareness and the skill levels. We will look to fill any particular gaps that we have. With regard to the ecosystems approach, I want everybody in the organisation to understand what it is about and to apply it.

[57] **Professor Matthews:** Chair, may I add to that? To support what Emyr said, this is at

the leading edge of skills development. So, for example, we are having conversations with people who are involved in education, but because Wales is at the leading edge of this development, I can tell you that many of my peer group in England are asking me—and Emyr—about what we are doing and asking us to explain how we are going about things, because we are ahead of our colleagues in England. This is right at the leading edge of skills development. The professional institutions are talking to us and asking ‘How are we all going to do this?’ So, the skills base that we operate with, in, say, 10 years’ time, will look very different to the skills base with which we are operating now.

[58] **Mick Antoniw:** I have a couple of questions on specific points, which may jump about a little bit because they cross a number of areas. Some of the issues that arose during the preliminary scrutiny regarding the establishment of the organisation were the conflicts and problems of the harmonisation of contracts between all of the different staff groups. Have all of those issues now been resolved?

[59] **Dr Roberts:** We will shortly go out with a proposal to the staff about our new grading structure and a new pay structure. What has been happening, virtually since day one of Natural Resources Wales, is that we have been working very closely with the trade unions to develop these proposals. It is very complex and, obviously, we have to play within the employment legislation here. However, we are on the verge—by the end of this month—of consulting with staff on that overall proposal. So, it is fairly imminent. I would like publicly to pay tribute to the work that has been going on in a social partnership approach between the management and the trade unions. It has been very productive.

[60] **Mick Antoniw:** I would like to ask you another specific question on prosecutions, which you referred to in your report. I would like to ask about the actual numbers in terms of enforcement. There were 209 prosecutions; how does that compare with previous years?

10:00

[61] **Dr Roberts:** I do not have the figures for previous years, but I am happy to provide them. My sense is that we have been very active over the past 12 months on this side. However, I would like to give you hard facts on that. Certainly, we are aware of the need to enforce where there is serial let-down, if you like, in environmental standards, and we will not hesitate to do that. So, could I come back to you with the actual figures?

[62] **Mick Antoniw:** Yes, that is fine. One of the points that was raised was on the finance side and the fact of the redundancies saving about £4.3 million, which carries on year after year, because you have the overall—. Are there further reductions planned? Is there a target for further savings in respect of job numbers?

[63] **Dr Roberts:** Yes, there is. We have secured an additional amount of money from the Welsh Government from its invest-to-save budget to run another voluntary severance scheme this financial year. Our target number is around 1,850, which is what was in the business case originally, so we are still aiming for that figure, as full-time equivalents. That is what we are aiming for. Just picking up the response to the earlier question, we do realise that we have to absorb some skills shortages in that area. So, we are very mindful of the fact that, within that 1,850, we will probably have to rebalance some of the skills that we have within the organisation. We have workforce plans to ensure that that happens.

[64] **Mick Antoniw:** So, that is separate to the £5.5 million in savings that you were predicting. Where are those projected to come from? Where is the additional £5.5 million planned to come from?

[65] **Dr Roberts:** The additional £5.5 million—. To clear a couple of points up, the

additional savings in staff cost will be additional to the figures that we have quoted before. Other savings that we are making will be on the ongoing costs of IT; that is a significant issue for us. At the moment, we contract with the Environment Agency and the Forestry Commission particularly for IT services, so a lot of the savings going forward will come out of savings from that. Obviously, we will take every opportunity in terms of accommodation and the way that we work, for instance, to improve our efficiency.

[66] **Mick Antoniw:** In paragraph 3.1 of your report, you say that

[67] ‘We estimate that by the end of 2013/14 we will have taken actions to deliver savings worth £5.5M per year.’

[68] So, is that basically just through organisational efficiencies?

[69] **Dr Roberts:** That is correct, yes.

[70] **Mick Antoniw:** Okay, thank you.

[71] **Alun Ffred Jones:** A gaf i fynd yn ôl at sylw y gwnaethoch chi, Mr Matthews, ar y dechrau? Fe ddywedoch chi eich bod yn awyddus, neu eich bod chi wedi llwyddo, i newid diwylliant o fewn y corff. Beth oeddech chi'n ei feddwl wrth ‘newid diwylliant’?

Alun Ffred Jones: May I go back to a comment that you made at the beginning, Mr Matthews? You said that you were eager, or that you had succeeded, to change the culture within the organisation. What did you mean by ‘changing the culture’?

[72] **Professor Matthews:** When we have spoken to the committee before, we have described a number of the things that we were trying to do with our organisation. One aspect among many was the notion that we should be much more proactive rather than reactive in the way that we deal with our customers. We had a discussion at the board about whether or not an organisation such as ours had customers. After a long debate, I think that we were all agreed that we do have customers: we have a transaction between ourselves and the people who we serve. Actually, we do have customers through our enterprise—our £20 million turnover business. However, even someone who applies for a licence, we see them in the context of being customers.

[73] If you look at our board meetings and our discussions, you will see that we have adopted a set of principles around customer care. Within customer care, we have a series of customer service standards and we have an evolution of the way in which we view the people who we serve. In that context, of course we have criticisms when we have got things wrong, but we are also gaining more and more commendations where people are saying, ‘Thank you for being helpful, thank you for being swift, and thank you for being proactive’. I personally have experienced a change in attitude over the last year. The other day, I needed to go out and I did not have any boots and a young man who had nothing to do with boots at all—in fact, he is one of our data managers—heard that I was having a problem and he said, ‘Peter, I know where I can get you some boots’, and he took me out in the pouring rain and got me some. That is the kind of attitude that I want throughout the whole of the organisation. We have people now who understand that by being—. We are getting common sense into our organisation. People are asking, ‘When we give advice, is it sensible?’ If the answer is ‘yes’, then it is good advice. If it is not sensible, then it is bad advice. There is a whole bunch of things like that that I could go through, but those are just two small examples.

[74] **Alun Ffred Jones:** In your introduction, you talked a great deal about enterprise, the tourism aspect of it and that you are selling wood and timber wherever you can, but, of course, you have a statutory function, an advisory function and a regulatory function. Is there

a danger that these could meld into one big mush, rather than—

[75] **Professor Matthews:** No.

[76] **Alun Ffred Jones:** So, how would you keep those two matters separate? You could be pursuing people to come to see your forest and run along your tracks and everything, and, yet, basically, you have this statutory function. Are there pressures there that one can sweep over to another?

[77] **Professor Matthews:** I will leave it to Emyr to talk about how he runs the business, but I will speak from the chair and the board's perspective. People have said to me, 'You're now one of the biggest arm's-length bodies in the United Kingdom. You're a big regulator. You're in a position to do a great deal of harm if you get your job wrong.' I have said in public before—I said it to the previous Chair of the committee—that we are not a regulator. We are not the biggest regulator. We are a brand-new kind of body. We manage natural resources and think of ourselves as being like a group board. Underneath that, we have a whole series of tools in our kit bag: we have regulation, we have advice and we have running our enterprise business. The enterprise business is no different to what the Forestry Commission used to do. It had a regulatory function and it had a business function. We deal with this by having very clear responsibilities—people who are very clear about their enterprise activities and enterprise responsibilities. Of course, as in any organisation like ours, and there are numerous examples of this, we have a very clear division of responsibilities, and I think that Antoinette Sandbach has taxed us before on the separation of duties. I will ask Emyr to talk about the separation of duties.

[78] **Dr Roberts:** I ateb y cwestiwn, Gadeirydd, yn sicr, mae'n hanfodol ein bod yn cadw'r arbenigedd o fewn Cyfoeth Naturiol Cymru a chadw'r arbenigwyr. Fel yr oeddwn yn sôn eisoes ynglŷn â sgiliau, mae'n rhaid inni wneud yn siŵr bod y sgiliau arbenigol hyn yno. Rydym ni'n delio â llawer iawn o bethau, rhai ohonynt yn bethau eithaf cymhleth a gwyddonol ac yn y blaen, felly mae'n hanfodol ein bod yn cadw'r sgiliau hynny. Fodd bynnag, yr her, rwy'n meddwl, o safbwynt y diwylliant yw cael pawb i weld y cyfanrwydd ac i weld lle maen nhw'n ffitio i mewn ac yn medru cyfrannu i'r cyfanrwydd hwnnw. Felly, dyna yw'r her wrth fynd ymlaen. Fel roeddwn i'n dweud eisoes, mae llawer iawn o'r syniadau hyn a'r ffyrdd o weithio yn newydd. Rydym ni eisiau gweithio mewn ffordd llawer mwy integredig nag o'r blaen. Felly, dyna yw'r her sydd o'n blaenau ni, ac mae'n dechrau d'wad.

Dr Roberts: Just to answer the question, Chair, certainly, it is vital that we keep the expertise within NRW and keep the experts. As I already mentioned about skills, we must ensure that the specialist skills exist there. We deal with a great many issues, some of which are quite complex and scientific, so it is vital that we retain those skills. However, the challenge, I think, from the point of view of the culture is to get everybody to see the whole picture and where they fit in and can contribute to that holistic picture. So, that is the challenge as we go forward. As I have already said, many of these ideas and ways of working are new. We want to work in a much more integrated way than previously. So, that is the challenge that faces us, and it is beginning to bear fruit.

[79] **Alun Ffred Jones:** Galwaf ar Antoinette, ac wedyn William Powell.

Alun Ffred Jones: I call on Antoinette, and then William Powell.

[80] **Antoinette Sandbach:** I wanted to go back to some of the questions that Mick Antoni was asking you. It was clear from our initial scrutiny of the business case, before NRW was set up, that there were going to be issues around IT, and that was one of the warnings that we issued as a result of our scrutiny. I appreciate that you have said, Emyr, that you are still contracted to the Environment Agency and the Forestry Commission, I think that

it is, for IT services, but that was planned as part of your takeover, so why is it that you have had to spend quite a large amount of money on your IT? You were due to deliver cash benefits totalling £5.8 million in the financial year 2015-16, and that has been pushed back. I wondered whether you could explain why.

[81] **Dr Roberts:** Yes, the big picture on the IT services is that we are contracted to the Environment Agency and the Forestry Commission. The scale of those changes has been very significant and very technical. As you say, the transition costs of detaching ourselves from those services have been higher than we had anticipated, and that has pushed back the profile, which you have seen in the figures. On the other hand, we believe that the ongoing costs of running IT within Natural Resources Wales will be below the forecast that was actually in the business case. As we say, we are moving on to a cloud-based system. It will be cheaper than the ongoing services that we receive from EA and FCW.

[82] **Antoinette Sandbach:** However, you were aware of the IT issues and presumably had looked at them previously. As I said, certainly a year ago, or during the last scrutiny session, there was a suggestion that these benefits would be realised in 2015-16, so what is it, since our last scrutiny session, that has actually pushed that back?

[83] **Dr Roberts:** It has been largely the technical issues around detaching from the various applications that we have, particularly with the Environment Agency system. A lot of these systems are very important. They are flood warning, flood forecasting, and massive geographic information systems, for instance. That has proved to be more costly than we had originally envisaged, but, as I say, we will be making savings on this on an ongoing basis.

[84] **Antoinette Sandbach:** Perhaps to go back to what the Chair was asking about, regarding the division of responsibilities, and as your Chair has rightly pointed out, this is something that I have taxed you on before, I see that you are listing motor sports, value-added timber, housing, telecommunications, visitor centres, filmings, minerals and recreation as areas on which you are presumably engaged with or looking at in terms of enterprise. How are you making sure that you are not being subsidised to do enterprise at the cost of private providers, and how are you separating potential conflicts of interest? I look at your forestry sector, where there are over 3,000 ha of Phytophthora-infected larch, where your management of that has a potential to impact greatly on all sorts of sectors dealing with wood business and also in terms of disease control—

[85] **Alun Ffred Jones:** That is your third question.

[86] **Antoinette Sandbach:** It was a long question.

[87] **Dr Roberts:** First of all, on the enterprise activities, we are very conscious that we should not be substituting for other businesses. We are very conscious of that. Nevertheless, there are opportunities, particularly on our woodland estate, to actually diversify to build some businesses, but in conjunction with other businesses. I guess that the biggest example of that would be our wind energy programme where, obviously, we work with developers in terms of those kinds of businesses. There are all kinds of opportunities. As you quite rightly say, we will be looking at those over the next 12 months or so. We are very conscious of working with other operators. Indeed, with your example of timber, for instance, because of the large volumes of timber that are coming forward because of larch disease, we have been working with the industry to make sure that that is not a negative impact on the industry, and that there is a capacity to cope with those volumes, and that the prices are not reduced too much.

[88] In terms of conflicts of interests, again I think that we have described at previous committees how that works, so our enterprise units are separate from our enforcement units,

for instance, so that there is no conflict of interest in that.

[89] **Antoinette Sandbach:** So, is it NRW enterprise putting in an application to NRW licensing?

[90] **Dr Roberts:** Yes. That could well happen. We have separate structures to make sure that that is handled appropriately.

[91] **Antoinette Sandbach:** Any member of staff would then see that this is an internal application.

[92] **Dr Roberts:** Yes, but we would consider it entirely on its own merits, as I said previously, regardless of the source of the development application.

[93] **Alun Ffred Jones:** I now call William Powell, and then Mick Antoniwi.

[94] **William Powell:** Just to return to the Chair's earlier line of questioning regarding governance issues, but also issues around potential perception of areas of conflict of interest, at an earlier point in the process when we were looking at the creation of NRW, I asked whether it would be appropriate, as in some of your partner bodies, such as the national parks and other local authorities, to have webcasting of your board meetings and proceedings.

10:15

[95] Has any consideration been given to doing that where you have business that is not restricted, so that members of the public can be aware of the way in which you transact your business at the highest level?

[96] **Professor Matthews:** To be honest, no, we have not considered webcasting yet. We have had lots and lots of things to do over the last year. We hold our board meetings in public. Our minutes and our papers are published on the web, but we have not yet considered webcasting. However, we will be looking at all sorts of ways in which we can use modern media to reach out to our customers. A very good example of the way in which we use modern media is the way in which we are now exploiting Twitter. It was an extremely good basis for communicating with our customers during the winter storms.

[97] **William Powell:** Absolutely.

[98] **Alun Ffred Jones:** Okay—

[99] **Dr Roberts:** Sori, ond mae gennyf **Dr Roberts:** Sorry, but I have just one small un pwynt bach. point.

[100] The issue about webcasting is that the board has deliberately tried to go out to meet in local communities. Recently, we met in Welshpool, for instance. Next week, we are meeting in Flint. Webcasting is not so easy when we are using community facilities for that kind of thing. We can give consideration to that, but I think that the board's ethos is that it would like to continue to meet in public in community venues.

[101] **Alun Ffred Jones:** Mick Antoniwi is next—. Sorry—

[102] **William Powell:** May I just ask a final short question?

[103] **Alun Ffred Jones:** I will bring Mick Antoniwi in and I will come back to you.

[104] **William Powell:** Okay. Diolch.

[105] **Mick Antoniwi:** Sorry, I have just got a specific point on conflicts of interest. It is one of the areas that is very difficult to deal with. Will you be bringing in or arranging some form of independent verification in terms of that? Will someone be coming in from outside to assess—basically to confirm that the procedures are right and that it is actually working in order to advise the board?

[106] **Dr Roberts:** At some stage, we might review that, but the way that it is structured is that that conflict should not arise. In addition to the separation of functions, when we do a strategic environmental appraisal, that is done in a completely different part of the business under the governance, which has no operational responsibility whatsoever. So, particularly on the high-profile evaluations, as I say, those are done completely independently from the rest. If issues do arise, I am happy to review the arrangements but, so far, we have not had any issues.

[107] **Mick Antoniwi:** Chair, I am just wondering whether it would be helpful to the committee to have a paper that sets out what the procedures are and how that is actually organised. It is an important issue and it is one that will continually come up.

[108] **Dr Roberts:** Rwy'n hapus i wneud **Dr Roberts:** I am happy to do that. hynny.

[109] **Alun Ffred Jones:** We would appreciate that. William, would you like to come back in?

[110] **William Powell:** Diolch, Cadeirydd. There is just one final question from me on this matter and it concerns what the pattern has been in terms of the volume of requests you have received as a new body under the Freedom of Information Act 2000. Obviously, the three legacy bodies would have had different approaches in this area. Also, is any guidance issued as to the balance between oral and written communications in terms of information then being available to be revisited under the provisions of the Freedom of Information Act, in terms of your decision-making processes?

[111] **Dr Roberts:** Yes, this has been an active area. In fact, we are presenting a paper to next week's board meeting on our performance during 2013-14, so the committee might want to see that in due course. The total number of requests for information that have been logged in our database over the past year is 640. You mentioned FOI requests. The total is 48, I think. We have issued guidance to staff. This was an area where there were three different policies. We have issued a single piece of guidance now to staff to bring that together, and we do monitor and log these centrally. I would also say, Chair, that it is an aspiration of ours to put publicly available information on our website, including responses to FOI requests. That is in train, but it is not there yet.

[112] **William Powell:** Okay. Diolch yn fawr.

[113] **Alun Ffred Jones:** I would like to move on. Does anyone have any questions on performance management? We have touched on financial performance as well. How will we know, for example, whether NRW is doing a good job? There is a plethora of aspirations, long-term outcomes and priority areas, but how would we know whether you are getting the job done well?

[114] **Professor Matthews:** Perhaps this is a little tongue in cheek, but I hope that we can persuade you today that we are doing a good job. However, you will want much more quantitative evidence than what Emyr and I are saying. We have a corporate performance

dashboard, which is presented to the board, and there are several indicators there that are relevant to the overall performance of the board and which you will be interested in. For example, you will see in there that, as far as our financial management of the year was concerned, we started off with an inherited deficit of £3.5 million. We took on additional costs of £10 million. We made a big effort in terms of managing our organisation, and we saved £11 million. With the contribution of £4.4 million, that gave us a working surplus at the end of the year of £2 million—this is all in the papers that you have been given. We delivered that alongside coping with some of the most ferocious weather that we have had in many a long year. We have coped with managing the problems with *Phytophthora ramorum*. We have got a customer care centre up and running, and so on. There are many statistics in the corporate dashboard that address these issues. However, I would like to think that an organisation that stuck to its budget and, indeed, did better than its budget, that carried on providing a service to its customers, that dealt with environmental challenges, that has set about integrating the organisation, and has also done quite a lot for the state of nature in Wales, is an organisation that I would describe as being successful, and I think that the board is very proud to have been associated with Emyr and his team in delivering that success.

[115] **Russell George:** I wonder if you could just talk to the point of when you are asked to respond to planning consultations and your response time. Are you satisfied with the response time when you are asked for—

[116] **Professor Matthews:** No.

[117] **Russell George:** Are you not?

[118] **Dr Roberts:** No. We have presented the information to you. It is not where we would like to be or where we need to be on that. For those particular issues this year, our priority, from day one, has been providing one answer to planning applications—a one-voice response. The systems behind that are still a bit clunky and staff are still not co-located, for instance, and while we are getting by with that, it is not the performance that we want to see.

[119] We are reviewing what we are doing on planning applications. We are looking at whether we have sufficient staff and whether we have the right skills in place, and we are trying to co-locate staff. We are putting in an integrated system. However, we also want to look at the way in which we perform in this matter. That is, are we looking at too many small applications, as it were? Should we actually be trying to influence local authorities more through their local development planning and perhaps focus on the higher profile or the more critical applications that are coming in? So, all of that we are reviewing at the moment. However, we are looking to substantially improve our performance from our first year.

[120] **Professor Matthews:** Chairman, if I could come back, you asked how we would know. Well, a good organisation has a corporate dashboard, and every organisation has its successes and its failures. I think that if we came before you and said that we were 100% perfect, you would not believe anything we say. So, I think that we have been successful in delivering the overall aspirations of the Assembly. That does not mean to say that we are perfect—I said at the beginning that we know that we have some challenges, and Emyr has mentioned one of them. Another one, to be quite blunt with you, is that we recognise that our external communications were not as good as they could have been. As a response to that, we have appointed a new director of external communications, who is in the public gallery watching our performance today and judging whether or not we need our bottoms smacked when we go back to the office.

[121] We recognise that we have a great story to tell within Wales and outside Wales. For example, we have been perceived—you will have remembered the BBC—as having done a good job in managing the storms and so on, but we were criticised because of the work that

we have done on the state of nature. Well, we have a great story to tell about the many things that we have done where the state of nature in Wales has been improved. So, it is getting a good, balanced external communication strategy in place, which is what we have been working on and what we will be better at in future.

[122] **Russell George:** Chair, may I ask a question to follow up on that?

[123] **Alun Ffred Jones:** Yes.

[124] **Russell George:** When do you expect that position to change?

[125] **Professor Matthews:** You should ask the lady upstairs. As soon as she was appointed, she was addressing that very issue. Would you agree with that, Emyr?

[126] **Dr Roberts:** I am sorry; is this still about external communications?

[127] **Russell George:** No, I was referring to my original question about responding to planning consultations in a reasonable time. You have said that you are not happy with that at the moment, so when will you be in a position where you will be responding on time?

[128] **Dr Roberts:** We are actively working on this at the moment. It is in our corporate dashboard for the current year, 2014-15, so we will be monitoring that situation very carefully. We are working on this as we speak. So, I hope that there will be significant improvement fairly shortly.

[129] **Julie Morgan:** In your responses, you talked about staff not being co-located. How big an issue is that, and how are you addressing it?

[130] **Dr Roberts:** Once again, this is a bit tied up with the IT issues in the sense that, although we have a common e-mail system, the underlying systems behind it are still the legacy body ones. We are addressing that as we speak. As part of the restructuring, we are bringing teams together. There is a particular issue regarding planning; for instance, we have three offices in Bangor, and the planning team is effectively spread across two of those. We have arrangements in hand to move one across into the other, and we will do that wherever it is possible to do so. It will be a lot easier when we are all on a single IT platform, which will be the case at the end of this calendar year.

[131] **Julie Morgan:** So, it does not all involve physical relocation. It is just a matter of access to IT.

[132] **Dr Roberts:** It will be a lot easier. Staff will work from different offices when we are on the single system, but it is a bit of an impediment at the moment to our operational work.

[133] **Julie James:** My question is on a completely different topic, I am afraid. You mentioned the coastal path in your introduction, and how proud we all are of it, and many of us have walked various bits of it. However, during the coastal flooding, some of it got really quite damaged. What conversations have you had with the various councils, and so on, about the various bits of the coastal path? There are several instances that I am aware of, and I am sure that you are aware of them as well, where the route has changed as a result of the flooding. I will give you an example: in Aberiddi in Pembrokeshire, my understanding is that the path is now not along the coast and you have to divert quite a long way inland, because they do not plan to put back the path as it existed before. What was your role in that? Did the council consult? How does that work?

[134] **Dr Roberts:** We have been working with the local authorities on this, first of all just

in logging where the damage has happened, putting a cost on it and then discussing it with the Welsh Government. Oddly enough, we have a meeting with John Griffiths later this morning and this will be one of the topics to discuss. We receive a ring-fenced allocation for the Wales coastal path from the Welsh Government. We are very keen that part of that is used to restore the parts of the path that have been damaged.

[135] **Julie James:** Do you discuss it? My understanding is that, in the instance that I have given you—and I know of a few others—the council has decided not to replace the path in its old location but instead to go with something new. I do not know whether you know that area, but it is a small diversion away from the coast. To be fair, it is not a huge diversion, but the diversion it is using is a lot less accessible. Are you consulted at all about that, and do you have a say in it?

[136] **Dr Roberts:** I am sure we are, but, on that kind of issue, the prime responsibility rests with the council. However, I am sure that we would be consulted. Obviously, we hope to maintain the integrity of the whole Wales coastal path. Part of its attraction is that you can walk around the whole of Wales. So, I am sure we have been involved, although on the local issue that is probably a matter for the local authority in terms of diverting the path, for instance.

[137] **Julie James:** Are you just concerned with it being a continuous path, rather than the route itself?

[138] **Dr Roberts:** Yes. Our role is to liaise with the local authorities but also to promote the Wales coastal path. One of the first guides to parts of the path has just been produced, for instance, and we are actively involved with that. We are involved with some of the marketing of that. However, my understanding is that there is a liaison group between us and the local authorities that are involved with the Wales coastal path, and that is where issues like that are discussed.

[139] **Julie James:** Is that a public meeting? Is it possible to know what is being discussed?

[140] **Dr Roberts:** Once again, can I provide you with a bit more information after the meeting? I am not sure whether it is a public meeting or not, but there is certainly a liaison group.

[141] **Julie James:** I just wondered, because, while I do not want to overemphasise the point, if you can only see the sea with binoculars, I feel that the words ‘coastal path’ are struggling a bit at that point.

[142] **Alun Ffred Jones:** Well, there is more than one example of that.

10:30

[143] **Julie James:** Exactly.

[144] **Alun Ffred Jones:** There are some landowners who I will not mention. Joyce Watson is next.

[145] **Joyce Watson:** You have mentioned the storms; we all know about those. I would like to ask what the resource implications of the findings of the phase 2 report for coastal flood review are for NRW and whether you have had some discussions with Welsh Government about those resource implications.

[146] **Dr Roberts:** Obviously, we only published the report last week and I think the main

point behind it is that, as a nation, we need to have a good discussion about this. There are significant resource implications not just for us, but for the whole of Wales and the whole of the Welsh coastline. I think our main point is that we need to have that discussion while the recent winter is still fresh in our minds.

[147] In terms of our resources, I am satisfied that we are well-resourced on this at the moment—perhaps I should say that we are adequately resourced. However, if we were asked to undertake a much bigger amount of work on this, then, yes, I think that resourcing would become an issue for us. So, I think that that is part of the mix.

[148] I would also say that I think we need to work even more closely with local authorities because, obviously, the coastline is a shared responsibility between ourselves and local authorities, so it is important that we pool resources that we have available. However, the main point here is that we need to have that discussion about how much we want to invest in protecting our coastline and where. Obviously, communities need to be involved in that discussion and that has implications for our activities.

[149] **Joyce Watson:** You mentioned working together. Of course, the national park would be responsible for most of the coastal path in Pembrokeshire, as in other areas. On the point of working together and restoring flood damage, there are many partners. Let us take, for example, the railway. Network Rail, you and the council might all be involved in a specific piece of flood retention, and those systems would have been tested to the extreme through January and February. Are you satisfied that you have taken on the learning that everybody would have had to have taken from that, and that the systems for future events will work smoothly?

[150] **Dr Roberts:** Yes. I think, in general, the current situation works well, but it is also fair to say that the events of the last few months have provided an added impetus for us to make sure that we properly understand each other's flood defences, how they operate and what the vulnerabilities might be. I think that the report does say that we need to actually work together—not just the public sector, but the private sector—on this so that we have that common view and then, if there are incidents, we are able to respond well.

[151] **Professor Matthews:** Chair, we will have a discussion at the board next week, and we have asked that very question. We did okay this time, but what would happen if there was an even worse weather event? We will wait to see what the answers will be, but it might well be, for example, that we need to think about doing some exercises in which we would test our readiness for even more extreme events. However, we are waiting to see what the discussion and presentation at the board reveals.

[152] **Alun Ffred Jones:** Diolch yn fawr. Antoinette Sandbach, I think that maybe you want to go back to the budget.

[153] **Antoinette Sandbach:** Yes. Moving on to the financial position and the budget, I know that you have received £115 million in grant in aid. Have you asked for £115 million of grant in aid as part of your—

[154] **Dr Roberts:** This is for 2014-15, is it? Yes. We received our basic allocation, but we received additional amounts on top of that.

[155] **Antoinette Sandbach:** How much did you receive?

[156] **Dr Roberts:** We have received £3 million to fund 75% of our voluntary severance scheme; £11.5 million of additional grant in aid, of which £1.2 million is for the storm damage; £6.4 million is for ICT transformation; £2.6 million is for *Phytophthora ramorum*;

£300,000 is for laboratory equipment; and there is a £1 million contribution to the other parts of the voluntary severance scheme. Some of that funding—£1.5 million of that total amount—is for 2015-16 rather than 2014-15.

[157] **Antoinette Sandbach:** Right. So, in the funds that you have received, there has been no additional allocation, or not one that you have just mentioned, to NRW for ecosystem services.

[158] **Dr Roberts:** No, there has not, although the Minister is due to make a statement on the ‘State of Nature’ report and the nature fund this week or next week. We may get an allocation out of that, but that is subject to that announcement.

[159] **Antoinette Sandbach:** For the last financial year, I think that you identified £3 million in savings. Did the £3 million in budget reductions and savings come from underspend in 2013-14?

[160] **Dr Roberts:** This is money that we have now carried forward—yes, indeed. This is part of normal budget management and making sure that we prioritise our funding. We budgeted at the end of the year for a carry-forward, which the Welsh Government has allowed us to do.

[161] **Antoinette Sandbach:** Is that because there are ongoing projects that may have expenses?

[162] **Dr Roberts:** There have been delays in projects. The wet winter meant that we had to delay some projects, for instance. It is those kinds of things.

[163] **Antoinette Sandbach:** In terms of non-cash benefits, how are you defining those?

[164] **Dr Roberts:** Non-cash benefits are improvements, I think, that we are making to our services, which are very difficult to quantify. Ecosystems would be one approach on that, where we actually provide an integrated approach to the way that we manage, for instance, our land, national nature reserves and so on. It is very difficult to actually quantify some of those. However, we will attempt to do that and put a value to it because that is part of the overall total.

[165] **Antoinette Sandbach:** Are you going to make that available to us?

[166] **Dr Roberts:** We can do. We do report to the board on that.

[167] **Antoinette Sandbach:** In terms of how you are going to monitor those, if they are very difficult to quantify, then it is very easy to assert that you have had success or failure in achieving. What kinds of key performance indicators do you have, or what are you going to put in place?

[168] **Dr Roberts:** That is a very important issue for us. We do have a spreadsheet where we log all of these things, but the important thing here is that the Wales Audit Office is due to carry out a probation review of us after the end of the second year. We have been in discussion with the Wales Audit Office to see whether it is satisfied with the way in which we are measuring these and accounting for them. So, that will be a time to actually test the robustness of that.

[169] **Antoinette Sandbach:** So, will that probation review also include a review of the original business case and the delivery of the business case benefits?

[170] **Dr Roberts:** It could do. We publish against the business case and we inform the board of that. We have no problem in it seeing the figures that we are compiling against the original business case.

[171] **Antoinette Sandbach:** So, you do not know whether or not the Wales Audit Office will actually review it, or will do it against the business case or not.

[172] **Dr Roberts:** Just to give a full explanation here, there are two reports that the Wales Audit Office will be involved in. One is a probationary review, which is normal for Welsh Government sponsored bodies, and the second will be a value-for-money review of Natural Resources Wales, which I think is in the Public Accounts Committee programme. So, there are two reports, and I would expect one of those reports to cover the business case.

[173] **Professor Matthews:** Chairman, I think that this highlights one of the challenges that we have, and will continue to have, because, in managing any large organisation in a period of transition, there are the issues about running the business on a day-to-day basis and implementing the changes. Certainly the perception originally, which still remains, is that we will change the way in which we do things so that we are on a journey of transition and migration from the old ways of doing things to the new ways of doing things. The problem—to put it quite bluntly to you—is that no-one is quite sure yet about the new ways in which we are expected to do things. For example, the Welsh Government went out to consultation on the environment Bill, and we all put our responses in, and there were a number of propositions for the new ways of doing things that will be reflected in the Act, but we do not know what will be in the Act yet. For example, there are some propositions and perceptions about the way in which the paid ecosystems market will be working. We are not absolutely clear yet what our role would be. We have to take account of these uncertainties within our business planning, so we cannot give exact answers to some of the questions you are asking because we are on this journey of change.

[174] **Alun Ffred Jones:** One thing that would be useful, though, is—. If there is no consistency in the way in which you report success and failure, then it is obviously very difficult for anybody to judge whether it is successful or not. I acknowledge what you have said about the changes that are on the way, which are not within your control, but, unless there is some baseline, it will be very difficult for this committee and for the public at large to understand whether you are achieving what you are out to achieve.

[175] **Dr Roberts:** I understand the point. There are two things, if I may. First, in our performance framework for 2014-15, we have tried to combine our corporate plan and our business plan. The point is that the corporate plan has these wider outcomes as to the impact that we are having on the environment. The paper is going to the board next week, but that should give a fuller picture, both in terms of the impact on the environment and in terms of NRW's own performance. The second thing is that—and, again, this paper is going to the board next week—we are still committed to providing a state of the environment or a state of natural resources report so that we can have that benchmark that you referred to, chairman, so that we know not just what NRW is performing against, but the whole of the Welsh environment.

[176] **Professor Matthews:** I think that I said earlier, as did Emyr, that we do focus very much on our corporate dashboard. We are keeping those indicators under review to make sure that they are always fit for purpose for the challenge at any time. It may well be that, as we move forward, some of those indicators will evolve. The ones that we have now are fit for purpose now.

[177] **Alun Ffred Jones:** Rydych wedi **Alun Ffred Jones:** You have referred to the cyfeirio at y ddeddfwriaeth newydd, y Papur new legislation, the White Paper on the

Gwyn ar yr amgylchedd, ac mae cyfeiriad ynddo at gyfrifoldebau newydd fydd, o bosibl, yn dod i chi. Yn eich ymateb, rydych wedi dweud y byddai angen sicrhau adnoddau ar gyfer y cyfrifoldebau hynny. Yn ôl eich dealltwriaeth chi, a yw hynny'n golygu y byddwch angen mwy o adnoddau ariannol er mwyn ymateb i ddeddfwriaeth o'r fath?

environment, and there is a reference within it to new responsibilities that may come to you. In your response, you have said that we need to secure resources for those responsibilities. Is it your understanding that that will mean that you will need more financial resources in order to respond to legislation of this kind?

[178] **Professor Matthews:** Perhaps I could come in first and say that it is very important that any new legislation has with it a clear understanding of the resources that are necessary to deliver it. We cannot have new legislation and then pluck it out of the air and deliver it. There will always be an impact on resources. Whether or not we need extra resources or whether this is a case of reconfiguring our existing resources will be very much a matter for our business planning, and it will be determined by the nature of those new responses. So, for example, one of the propositions in the White Paper, and the direction of travel that we all recognise, is that the natural resource management areas will be based on river catchments. So, at the moment, we are not going to wait for the Act, we are pushing ahead with three trial catchments to find out exactly what will be necessary in order to deliver those management units. I do not know whether you want to say anything about that, Emyr.

[179] **Dr Roberts:** Ydw. Yn fy marn i, o ran y gwaith ychwanegol y bydd y Llywodraeth yn gofyn inni ei wneud, bydd yn rhaid i ni gynllunio'r cynlluniau adnoddau naturiol. Bydd gwneud y cynlluniau hynny'n iawn a thrafod efo rhanddeiliaid, cymunedau, ac yn y blaen, yn waith mawr ac yn waith pwysig. Yn fy marn i, bydd angen rhagor o adnoddau ar Gyfoeth Naturiol Cymru i wneud y gwaith hwnnw'n iawn a'i wneud yn gyflawn. Nid ydym wedi trafod hynny gyda'r Llywodraeth ond, yn fy marn i, mae hwn yn waith ychwanegol ac mae'n iawn inni gael ragor o adnoddau i'w wneud.

Dr Roberts: Yes. In my view, with regard to the additional work that the Government will ask us to do, we will have to draw up the natural resources schemes. Doing that properly and having discussions with stakeholders, communities, and so on, is a major piece of work and an important piece of work. In my view, Natural Resources Wales will require additional resources to undertake that work properly and fully. We have not discussed that with the Government, but, in my view, this work is above and beyond and it is right that we should receive additional resources to undertake it.

[180] **Alun Ffred Jones:** Diolch yn fawr iawn.

Alun Ffred Jones: Thank you very much.

[181] I think, Russell, that you wanted to ask a question along a different line, so off you go, and then William is next.

[182] **Russell George:** Thank you, Chair. I just want to go back to the subject of flooding. I apologise if you have answered this question—I did not catch the answer if you did—but Joyce Watson asked you about flooding issues and your phase 2 report, which has recommendations. There will be a cost attached to those recommendations. What is the total cost envelope for those recommendations? Apologies if you have answered that question.

10:45

[183] **Dr Roberts:** I do not think that we have specified a cost envelope for those recommendations. The next stage, if the Minister accepts the report, is to develop a delivery plan. As I say, I think that the important thing here is that we focus on the long term and this cost is going to be part of that equation. However, it is really important that we have an

agreed national plan and that people know where they stand on it, what their functions are and what resources are available to them. So, I do not think that it is specified, but it is important that we have that overall national approach to flood prevention.

[184] **Russell George:** With regard to the monitoring process of severe weather, I have raised issues in the past about Clywedog dam in my own constituency where the nearest equipment that monitors the local situation is based in Birmingham or just west of Birmingham. I would be grateful as well if you could perhaps just outline—if there is not time in this committee meeting, then perhaps separately—how you can improve local knowledge and involve local knowledge with regard to flooding. I know that we are short of time so my other question with regard to flooding is whether you have given consideration to setting up a volunteer base for flooding—a civil organisation, if you like—where members of the public could act as local co-ordinators in response to flooding issues.

[185] **Dr Roberts:** Yes, in terms of improving local knowledge, perhaps we can drop you a note on that. There has been an enormous amount of work done over the past 10 years on improving predictability and the equipment we have. So, perhaps we can drop you a separate note on that. In terms of volunteering, yes, indeed, we very much encourage local flood wardens as part of this. It has proved very, very effective, and I have personally met a few during my travels over this year. It is a very effective way of ensuring that local people have the knowledge and information and, importantly, know what to do if flooding occurs. We have very much encouraged that and we are promoting that throughout Wales.

[186] **Alun Ffred Jones:** William Powell is next.

[187] **William Powell:** Diolch, Gadeirydd. Linked to the last point you made about the knowledge base, something that is embedded in your business plan for 2014-15 is the development of citizen science and getting a wider understanding of things. Professor Matthews has previously spoken of NRW as a learning organisation. Indeed, the Minister has spoken recently regarding the importance of citizen science and what it has to contribute. In that context, I would like to ask you a question about what specific arrangements are in place. For lots of citizen scientists, that all begins in the classroom, and at least two of the predecessor bodies were active in the field of education. I know of the good practice there was in the Countryside Council for Wales and Forestry Commission Wales previously. What are the arrangements now for the delivery of education either directly by NRW or through provision via grant aid, as was the case previously—particularly, again, through CCW and the Forestry Commission to my knowledge—to take this forward and make sure that the organisation is fully active in the field of education and promoting knowledge across Wales?

[188] **Dr Roberts:** If I may say what the organisation does, Peter may want to comment on citizen science. Yes, you are quite right that we have inherited teams that are very active in outdoor education, for instance. Those arrangements are continuing, but this year we are going to be reviewing our education policy. We want to look at that to see what the best impact is that we can have on education. Your second point is quite right. We involve a lot of volunteers, a lot of people who contribute scientific information, through our partnership funding. That, again, is under review at the moment, but we are very much seeking to develop a partnership approach to this to maximise the amount of information we are able to use from the public and from experts in the field. So, both of those areas are under review and they are important to us.

[189] **Professor Matthews:** Chair, you have heard me speak on this before. We think that it is very important for secondary education to include a very powerful element on sustainable development and natural resources management. I have written to Ministers and I even included it in a letter to the First Minister. I have also spoken in public about this, as indeed has Emyr. We value this very much. If Wales is going to be a globally-leading green

economy, then it has to produce young people who are fit for purpose. Our people are engaged in discussions with the Welsh Government. There is a review ongoing at the moment in secondary education and in the Welsh baccalaureate, and there are some debates around whether sustainable development should be a part of the syllabus and the curriculum right across the board, embedded in other topics, or whether there should be a stand-alone topic. I think that there should be both. People are also saying that other organisations are fighting for sport and literacy—all very laudable, but we are fighting for sustainable development. That is the first point.

[190] The second point is that, again, we have been talking for a long time about how the evidence that is collected by people who are not within our professional peer group can be taken into account in our decision making, such as the catch records of angling clubs, and that sort of evidence. We have already started to think about cloud computing, which Emyr has already mentioned. I am not an aficionado, but there is this whole new concept called ‘Big Data’. It is all part of the modern sort of networking of computing. These are ways in which this sort of information can be taken into account. I have to tell you that there are all sorts of technical problems about the validity of data and the compatibility, but we have experts who can sort this out, and we are working with experts. There are people who are keen to work with us, ranging from local universities, such as Cardiff University, through to the British Library in London. They think that it is a very good initiative. It is a wonderful idea, but it is a big project and we will not deliver it quickly. However, I hope that, if I am still here in a few years’ time, we can come back to report success to you.

[191] **Alun Ffred Jones:** We are entering the last few minutes of our deliberations this morning. Antoinette Sandbach is next.

[192] **Antoinette Sandbach:** Funnily enough, I just wanted to go on, actually, to data and the Wales information hub. Are you playing a role in delivering that? We know that we had considerable evidence about information held in local records offices and the lack of co-ordination around that. So, where are you with the Wales information hub?

[193] **Dr Roberts:** We are working with the Welsh Government on the Wales information hub. A core working group has been established between us and the Welsh Government to take that forward. So, that is very much ongoing work.

[194] **Antoinette Sandbach:** So, are you at the ideas stage, the delivery stage, or at the implementation stage? Where are you?

[195] **Dr Roberts:** I think that we are very much at the planning stage on this. As the chairman said, this is a big project. We need to actually get this right and not duplicate what is happening elsewhere.

[196] **Professor Matthews:** May I add very quickly that we are at a doing stage? Emyr and I, along with our Minister, attended an event last week at Cardiff University on the Welsh biodiversity partnership evidence gap project. We certainly agree with our Minister—in fact, I have just written an article about this—that there is a mass of information that we need to convert into knowledge and into wisdom. It is about understanding just how much is out there, but also identifying where the gaps are. We are taking a leading role in identifying where those gaps are, gap mapping and working with universities and the non-governmental organisations in identifying what can be done to fill those evidence gaps on ‘State of Nature’ issues. Of course, we are also working with people on gaps in the economy.

[197] **Antoinette Sandbach:** So, when do you expect that gap identification work to be completed?

[198] **Professor Matthews:** Gosh, I really cannot answer that question, because it is an ongoing project. There is a whole series of individual projects. This is an ongoing long-term project, and there is a series of steps that are identifying particular gaps. I cannot tell you where the gaps are, but I am sure that there are people out there working on dragonflies, dormice, butterflies and so on, where we need more information to tell us about the state of nature in Wales.

[199] **Antoinette Sandbach:** In terms of your corporate plan, you have indicated in your corporate plan that there will be less non-statutory publishing. That seems contradictory to the idea of having an information hub, so what do you mean by that?

[200] **Dr Roberts:** I do not think that it is contradictory. We have inherited a vast number of pamphlets, leaflets and all the rest of it. What it means is that we need to review that and how effectively it works. Also, I think that the world has moved on. There is far less hard copy publishing these days; there is much more online publishing. So, that is what that was about.

[201] **Antoinette Sandbach:** So, you were talking about physical publishing and not internet access publishing, as it were.

[202] **Dr Roberts:** The right mix, if you like, in terms of what we need to do, but also, in this environment, the effectiveness of all our publications, I think.

[203] **Alun Ffred Jones:** Diolch yn fawr iawn. A oes rhagor o gwestiynau neu a ydym ni'n dod i ben? **Alun Ffred Jones:** Thank you very much. Are there any further questions or are we drawing to a close?

[204] Is that it? I see that you are done.

[205] A gaf i felly ddiolch yn fawr iawn i'r ddau ohonoch chi am ddod atom ni? Mae'n werth nodi, wrth i chi adael, yn ystod stormydd y gaeaf diwethaf hwn, y stormydd cyn hynny a'r llifogydd sydd wedi digwydd, fod yna ganmol cyffredinol i staff Cyfoeth Naturiol Cymru a'r ffordd roeddent yn cydweithio gyda'r awdurdodau lleol a'u staff nhw hefyd wrth ymateb i rai sefyllfaoedd anodd iawn. Nid oes dwywaith fod yr her ar hyd ein harfordir, os bydd y tywydd a'r stormydd drwg yn parhau, yn un sydd yn mynd i newid cymunedau ac effeithio yn sylweddol ar rai agweddau o'n bywydau ni. Mae'n sicr yn her fawr i chi ac i'r Llywodraeth hefyd, wrth gwrs. Felly, diolch yn fawr iawn i chi am ddod gerbron y bore yma. Rwy'n siŵr y cawn ni gyfarfod eto; rydym yn awyddus i gadw llygad barcud ar eich gweithgareddau chi. Pob dymuniad da a diolch yn fawr iawn. May I therefore thank both of you for joining us today? It is worth noting, as you leave, that during the storms last winter, the storms prior to that, and the flooding that has happened, there has been general praise for the staff of Natural Resources Wales and the way that they worked with local authorities and their staff too in responding to some very difficult situations. There is no doubt that the challenge along our coastline, if these storms and adverse weather conditions continue, is one that will change our communities and have a substantial impact on some aspects of our lives. It is certainly a great challenge for you, and for the Government also, of course. So, thank you very much for joining us this morning. I am sure that we will meet again; we are eager to keep a close eye on your activities. All our best wishes and thank you.

[206] **Yr Athro Matthews:** Diolch yn fawr. **Professor Matthews:** Thank you very much.

[207] Thank you very much for the opportunity for coming here today. We look forward to

coming back in due course and reporting further to you.

[208] **Alun Ffred Jones:** Diolch. Would Members like a break for a few minutes? I see that you would, so I suspend the meeting.

*Gohiriwyd y cyfarfod rhwng 10:57 a 11:05.
The meeting adjourned between 10:57 and 11:05.*

Papurau i'w Nodi Papers to Note

[209] **Alun Ffred Jones:** Gallwch weld y papurau sydd i'w nodi, sef cofnodion ein cyfarfod ar 1 Mai, llythyr oddi wrth RSPB Cymru, llythyr gan y Gweinidog ar strategaeth ddŵr i Gymru, a llythyr gan y Gweinidog ar effaith economaidd ffermydd gwynt ar dwristiaeth. Gan mai papurau i'w nodi yw'r rheini, nid oes angen trafodaeth. Gwelaf eich bod yn hapus i'w nodi.

Alun Ffred Jones: You can see the papers to note, namely the minutes of our meeting held on 1 May, a letter from RSPB Cymru, a letter from the Minister on a water strategy for Wales, and a letter from the Minister about the economic impact of windfarms on tourism. As they are papers to note, there is no need for a discussion on them. I see that you are happy to note them.

11:06

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod

Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

[210] **Alun Ffred Jones:** Cynigiaf fod

Alun Ffred Jones: I move that

[211] *y pwyllgor yn penderfynu gwahardd y cyhoedd ar gyfer eitemau 5, 6 a 7 yn unol â Rheol Sefydlog 17.42(vi).*

the committee resolves to exclude the public for items 5, 6 and 7 in accordance with Standing Order 17.42(vi).

[212] **Alun Ffred Jones:** Gwelaf fod y pwyllgor yn gytûn.

Alun Ffred Jones: I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:06.
The public part of the meeting ended at 11:06.*