

Setting of well-being objectives – Natural Resources Wales

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Background: Our examinations of the setting of well-being objectives

- The Well-being of Future Generations (Wales) Act 2015 (the Act) places a 'well-being duty' on 48 public bodies. The duty requires those bodies to set and publish 'well-being objectives' that are designed to maximise their contribution to achieving each of the Act's seven national well-being goals. They must also take all reasonable steps, in exercising their functions, to meet those objectives.
- The Auditor General must carry out examinations to assess the extent to which public bodies have acted in accordance with the sustainable development principle when setting their well-being objectives.² We are carrying out a rolling programme of these examinations, up to early 2025.³
- To do something in accordance with the sustainable development principle means acting 'in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'. To achieve this, a public body must take account of the five ways of working: long term, integration, involvement, collaboration, and prevention.⁴
- We designed an assessment framework to enable us to assess the extent to which public bodies have applied the sustainable development principle when setting their well-being objectives. **Appendix 1** sets out further information on our approach, including a set of 'positive indicators' that illustrate what good could look like.
- In designing our approach, we considered what we could reasonably expect from public bodies at this point in time. Public bodies should now be familiar with the sustainable development principle and ways of working and be seeking to apply them in a meaningful way. At the same time, we appreciate that public bodies are still developing their experience in applying the sustainable development principle when setting well-being objectives. Therefore, the examinations include consideration of how public bodies are applying their learning and how they can improve in future.

¹ The seven national well-being goals are; a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales.

² Section 15 (1) (a) Well-being of Future Generations (Wales) Act 2015

³ The Auditor General must carry out examinations over the period set out in the Act, which begins one year before a Senedd election and ends one year and one day before the following Senedd election.

⁴ Section 5 Well-being of Future Generations (Wales) Act 2015

Carrying out our examination at Natural Resources Wales (NRW)

- 6 The aim of this examination was to:
 - provide assurance on the extent that NRW applied the sustainable development principle when setting its well-being objectives; and
 - identify opportunities for NRW to further embed the sustainable development principle when setting well-being objectives in future.
- We set out to answer the overall question 'to what extent has NRW acted in accordance with the sustainable development principle when setting its new well-being objectives?'. We did this by exploring the following questions:
 - Was the process NRW put in place to set its well-being objectives underpinned by the sustainable development principle?
 - Has NRW considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?
 - Has NRW put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?
- We discussed the timing of the examination with NRW and tailored the delivery to reflect its circumstances. We took the opportunity to carry out the examination in 'real time', while NRW was in the process of setting its well-being objectives. This allowed us to:
 - observe key parts of the process and gain valuable insight and audit evidence; and
 - provide interim feedback for NRW.

The interim feedback meetings were an opportunity for us to pose questions to NRW to help inform their thinking and planning. They were an also an opportunity for us to test and identify gaps in our evidence and to ask for additional information.

- 9 In addition to observing several meetings, we:
 - reviewed key documents; and
 - ran a workshop with key staff who were involved with setting the well-being objectives.
- **Exhibit 1** provides an overview of our engagement with NRW throughout our evidence gathering phase (not including our general liaison).
- 11 While we carried out our work in real time and over an extended period, this was not an in-depth examination. We maintained a tight focus on our audit questions and took a proportionate approach to our evidence gathering.

Exhibit 1: timeline of engagement with NRW during our evidence gathering

Date	Activity
July 2022	Observation 1: Board Planning Session
August 2022	Workshop with key staff
September 2022	Interim feedback session 1
November 2022	Observation 2: NRW Board meeting
November 2022	Observation 3: Staff webinar
January 2023	Interim feedback session 2
January 2023	Observation 4: NRW Board meeting
March 2023	Interim written feedback: Draft well-being statement
March 2023	Observation 5: NRW Board meeting

How and when Natural Resources Wales set its well-being objectives

- NRW began preparatory work on setting its well-being objectives in 2021-22. It undertook a programme of activity to develop them throughout 2022-23. NRW published its new objectives on 31 March 2023. It did so as part of its new corporate plan to 2030, 'Nature and People Thriving Together'.
- NRW's well-being objectives are accompanied by priority areas for action and the steps it will take to deliver them. **Exhibit 2** sets out the objectives and the areas for action.
- 14 NRW also published a 'well-being statement', which is a document it is required to publish under the Act. It covers the necessary information, including why it

considers that, in meeting its objectives, it will contribute to the national well-being goals. It also covers how NRW considers it has applied the sustainable development principle in setting those objectives.

Exhibit 2: NRW's well-being objectives 2023-2030

Well-being objective	Priority areas for action to achieve the objectives
Nature is recovering	 Nature being protected Nature being restored Nature being respected and valued in decision-making Nature, people, and communities being reconnected NRW being an exemplar nature positive organisation
Communities are resilient to climate change	 Nature-based solutions being widely adopted The risks of climate change being managed and adapted Climate emissions being reduced Sustained action on climate change being taken by people, communities and businesses NRW being an exemplar organisation for a carbon neutral public sector
Pollution is minimised	 Effective use of regulatory tools and approaches Incident response being risk-based Resource efficiency and the use of alternative materials being widely adopted Sustained action to minimise pollution being taken by people, communities and businesses NRW being an exemplar organisation for zero pollution and waste

What we found

NRW has purposefully applied the sustainable development principle to set well-being objectives that provide a clear direction for the organisation, although it will need to develop its business planning and monitoring arrangements to support delivery

The process for setting the well-being objectives

The planning process

- 15 NRW set out to develop an ambitious corporate plan and well-being objectives that reflect the urgency of the climate and nature emergency. It has used the corporate planning process to reflect on how best it can have impact. It has made a concerted effort to apply the sustainable development principle throughout.
- NRW reflected on the previous corporate plan and well-being objectives with its staff and Board, seeking their views on area for improvement. NRW sought to respond to those views and ensure the document reflects core business and resonates with staff.
- 17 NRW's Board has been central to the corporate planning process, with early and ongoing engagement. This was intentional, given some significant changes in leadership since the previous well-being objectives were set.⁵ NRW aimed to develop a corporate plan that set a clear direction for the organisation.
- We observed open, stimulating, and challenging discussions at Board sessions we attended. We also heard examples of Board members being involved in the development of the corporate plan and objectives outside formal meetings. The Board has expressed its support for, and commitment to, the final plan and objectives.
- 19 NRW adopted a programme management approach to help deliver a large programme of planning and development activity. It included a range of activities over the programme timeline that had an explicit focus on the sustainable development principle. The time and capacity that NRW dedicated to the corporate planning process illustrates how it has been prioritised.

⁵ The Chief Executive, Chair and three corporate directors have all been appointed since the previous well-being objectives were set.

⁶ This included a project board, designated leads, a project plan and risk register, and communications plan.

Evidence base

- NRW has a wealth of data that it has drawn on to inform the development of its well-being objectives. NRW produces important sources of evidence that inform the development of its own, other public bodies' and Public Services Boards' (PSBs') well-being objectives. Key evidence sources are:
 - The <u>State of Natural Resources Report (SoNaRR) 2020</u>. This sets out evidence on the current state of the natural environment, environmental projections showing what might change in the future, and scenarios illustrating how human behaviour can affect those changes. NRW is preparing for an update in 2025, which will be pertinent to subsequent reviews of the well-being objectives.
 - Area Statements, which draw on SoNaRR and a range of operational information and were informed by engagement with internal and external stakeholders. We published a report on the development of the Area Statements in 2020. Although we identified areas for improvement, we found that NRW had a clear understanding of long-term natural resources priorities and opportunities, as well as long-term risks.⁷

NRW produces a range of other evidence and data, much of which is available on its website.

- 21 NRW's well-being statement and corporate plan sets out other national and international information that it considered when developing its well-being objectives. These are:
 - Landmark international reports from the United Nations and Intergovernmental Panel on Climate Change.
 - The Welsh Government's Programme for Government.
 - Welsh Government deep dives into biodiversity, woodland creation, and energy.
 - PSBs' well-being planning processes.
 - National and international frameworks, targets, and indicators (such as Wales' well-being indicators, carbon budget indicators, net zero targets and recycling targets and the global biodiversity framework).

This list largely relates to the natural environment, though information from the Programme for Government and PSB well-being planning processes cover broader issues.

NRW acknowledges that new evidence and changes in the external environment will need to be considered over the plan's lifetime. It told us it will aim to build in flexibility and review points so that it can properly take account of key information such as the update to SoNaRR in 2025, and new Welsh Government remit letters.

⁷ Auditor General for Wales, <u>Well-being of Future Generations: An examination of the design of 'co-produced Area Statements' – Natural Resources Wales</u>, January 2020.

- Performance against previous well-being objectives is also an important source of intelligence to inform the setting of new well-being objectives. NRW produces an annual report (as required by the Act). The 2021-22 report set out monitoring information under each previous well-being objective. This monitoring information related to actions under five 'strategic priorities', which were drawn from NRW's annual business plan. However, it is difficult to map progress between strategic priorities and objectives because they do not clearly align. There is also limited evaluation of what has or has not worked well and where further or different action may be required. Furthermore, the report does not include monitoring of specific indicators for each well-being objective. It is therefore difficult to determine how much overall progress has been made from that report.
- A clearer assessment of progress should be helpful when reviewing objectives and setting future ones, as well as in communicating progress to key stakeholders. NRW intends to make changes to streamline its performance monitoring arrangements (see paragraphs 42 and 44), which have the potential to address these issues.

Consultation and involvement

- NRW's 'Nature and Us' initiative has aimed to involve people across Wales in a conversation about the future of the environment and inform a shared vision to 2050. NRW committed to running this national conversation in its previous corporate plan. It began the exercise later than originally intended due to the COVID-19 pandemic. Launched in February 2022, the national conversation has, therefore, been run in parallel with the development of the well-being objectives.
- 26 Phase One of Nature and Us sought to engage people across Wales through a survey, workshops, and webinars. It used various campaign and marketing techniques to raise awareness. NRW told us that it drew on information from the Phase One report to inform the development of its well-being objectives. **Exhibit 3** shows that the top three concerns identified at that stage are directly reflected in the objectives.

Exhibit 3: Natural Resources Wales well-being objectives and Nature and Us top three concerns

Well-being objectives	Nature and Us top three concerns
Nature is recovering	The decline or extinction of animal and plant life
Communities are resilient to climate change	Climate change
Pollution is minimised	Pollution of rivers, lakes, and ground water

- NRW set out to reach typically under-represented groups in its national survey and marketing activity and by working with stakeholder organisations. It analysed responses at the end of phase 1 to help identify how it should target subsequent engagement activity and ensure the responses were representative of the population. The survey attracted over 3,000 responses. However, NRW's analysis identified geographic gaps and demographic gaps relating to young people and ethnic minorities. NRW then planned a second phase of activity. The second phase was, in part, designed to address the gaps and test whether under-represented groups agreed with the phase 1 findings and priorities.
- The 'Phase Two' report was published in January 2023, by which time the draft well-being objectives (which became the final well-being objectives) had been developed. The report covers views from the under-represented groups, though focuses on statements about the future of the environment in Wales and actions individuals will take, rather than the list of concerns that appear to have helped shape the objectives (see Exhibit 3).
- 29 Nature and Us has provided extensive information to help develop the objectives. However, the timing made it difficult to ensure that the phase two findings, which sought to address the gaps in representation, could also inform the objectives. NRW will have the opportunity to consider this information further as part of subsequent business planning exercises. It will also be able to take account of this information when reviewing its objectives.
- The Board stated the importance of drawing out lessons from Nature and Us and applying them to NRW's wider involvement activities. The Phase 1 Public and Stakeholder Involvement Report (accompanying the main report) describes key

- learning points. The learning points related to the effectiveness of various platforms, including cost, reach and engagement with different groups.
- 31 NRW has also sought the views of staff and stakeholders to help shape its objectives. This included two online surveys with both NRW staff and external stakeholders. The first survey informed the development of the objectives, and the second sought feedback on draft objectives.
- The engagement with staff has been extensive. In addition to the surveys, staff engagement included early sessions to reflect on the previous corporate plan and later activity sharing how the objectives changed as a result, through 'you said, we did' feedback. NRW also planned various communications activities to promote the new objectives. This level of staff engagement appears to reflect NRW's emphasis on developing a corporate plan and well-being objectives that speak more clearly to an internal audience and are rooted in core business. We have not tested staff views on the final plan.

Planning to improve well-being

- NRW has set its corporate plan and well-being objectives to 2030. That timeframe has been chosen to reflect the climate and nature emergency and net zero plan. However, it is also clear that NRW has considered longer term factors and the corporate plan includes activities that are designed to have an impact beyond that timeframe. There is a focus on prevention, with actions relating to behaviour change, for example.
- While tackling the climate and nature emergency is a clear driver, NRW has considered how it can make a broader contribution to the well-being of Wales. In July 2022, the Board explored some of the connections and tensions that could arise when seeking to deliver on social justice and the environment. This integrated thinking is set out in the final corporate plan. The plan describes the intention of 'sharpening focus on social and environmental justice, equity and inclusion' and makes the connections between the environment, economy, health, learning and cohesion. For example:
 - There are steps that cover actions aimed at delivering wider benefits by working with education, physical activity and heath sectors, creative industries, and the culture sector, and ensuring equitable access to green and blue space.
 - The plan also includes steps to help deliver a greener economy, skills, and jobs. This corresponds with the requirements in NRW's remit letter from the Welsh Government.

There are fewer steps with an explicit focus on social, economic, or cultural well-being. However, there will be opportunities to deliver such benefits through the other steps. More generally, there is a recognition of the interconnected nature of the objectives and steps, with some steps referenced under more than one objective.

- NRW already has a cross-cutting focus on place through its Area Statements and supporting delivery model. During the corporate planning process, NRW considered how it should best incorporate 'place' into the plan and ensure alignment with the well-being objectives. The final document makes this connection through a short narrative section on each area under each objective. NRW will need to continue developing its arrangements to ensure the links between its corporate plan and place-based work operate effectively in practice.
- NRW identified the Area Statements as a source of information that helped shape its objectives. Given these have been developed with partners, it is a means by which NRW has taken account of other organisations' priorities. NRW considers that there are good links between the Area Statements and the PSBs' Well-being Plans. However, the PSBs have recently published new Well-being Plans, meaning NRW will need to reflect changes in its Area Statements and consider the links to the well-being objectives.
- 37 NRW's Heads of Place, who sit on the PSBs, were also tasked with sharing information on the developing objectives at those meetings. The Heads of Place have been involved in the development of the objectives, creating opportunities for them to feed in local information. In this way NRW has sought to build communication with PSBs into the process of developing its well-being objectives, though we have not tested the extent or effectiveness of that.
- As a national body with a diverse range of functions, NRW has an extensive range of partners, partnerships, and their associated priorities, to consider when developing its well-being objectives. As outlined above, it has drawn on existing partnership information and its links to PSBs. It has surveyed stakeholders (see paragraph 31) and asked whether they could see 'common ground' between their own work and its draft objectives and steps. This appears to be a reasonable approach given the scale of the task. However, there is scope for NRW to consider how it builds on these stakeholder conversations when developing and delivering detailed actions that sit beneath the corporate plan, reviewing its well-being objectives and setting future well-being objectives. Further discussion with diverse partners has the potential to help NRW continue identifying actions that will impact on social justice and make a broader contribution across the well-being goals (see paragraph 34).

Delivering and monitoring the well-being objectives

- 39 NRW held sessions with managers while it was developing its well-being objectives where they explored steps they would need to take to deliver them. NRW informed us that it intended to develop more detailed actions across its functions through its business planning process. This had not happened when we were undertaking our examination.
- 40 NRW also told us that it has begun work to align its resource planning with its new corporate plan, including mapping between its budget and corporate plan 'steps'. There is scope to strengthen the alignment between financial planning and

- corporate planning. NRW will need to consider the resource implications and risks to delivering the well-being objectives over the medium term, given the corporate plan extends to 2030.
- 41 Before setting its well-being objectives, NRW began an extensive baseline exercise across services and functions. That exercise informed the development of Service Level Agreements (SLAs). The SLAs will be used to define the level of service and the budget required. They will be the basis of prioritisation for the annual business plan and inform performance measures from 2024-2025. They will also inform discussions with the Welsh Government on NRW's annual budget and remit letter.
- NRW intends to create a line of sight between the objectives, steps, business plans and SLAs. This connection will be critical to the delivery of the corporate plan and well-being objectives. NRW will need to continue developing these arrangements to ensure the well-being objectives are shaping decisions on the level of service delivery, resource allocation, and savings targets.
- The Corporate Plan also describes wider changes in arrangements that NRW will introduce to support delivery of, and promote accountability for, the three objectives. These changes include:
 - a new Planning and Resourcing Group to oversee planning and allocation of resources;
 - an accountable director for each objective;
 - a new strategic risk register; and
 - a 'balanced scorecard', which will bring performance and resourcing information together to give a more rounded view of progress and value for money. There will be quarterly reporting to supplement annual reporting.
- NRW is also setting up a business transformation programme to improve effectiveness, achieve value for money and deliver on the ambitions in the new corporate plan. It has identified the investment that will be required over the next five years to deliver these changes.
- NRW did not include performance measures in its corporate plan. The Board considered a set of draft indicators alongside the plan at its January 2023 meeting. Rather than include those in the final plan, it decided to spend additional time developing a new suite of indicators to accompany the objectives. NRW intends that these indicators will reflect its medium to longer term aspirations and capture multiple benefits. A Board sub-group will lead this work in 2023-2024.
- We appreciate that this is a challenging area and acknowledge the aspiration is to develop measures that properly reflect the sustainable development principle. However, NRW will need to consider how it tracks progress in the interim, particularly if it identifies measures that require it to capture new data. It will also need to consider how these measures relate to those in its business plan and to its SLAs.

Recommendations

- We recognise the concerted effort NRW has made to consider and apply the sustainable development throughout the process of setting its well-being objectives. While our findings highlight areas for continuous improvement, for example when reviewing and in due course updating its objectives, our overall reflections are positive. We have therefore chosen to focus our specific recommendations on two key areas that we consider are important to support delivery against the objectives.
 - R1 NRW should strengthen the alignment between its financial planning, business planning (including its SLAs, annual business plan, area-based work) and Corporate Plan so that it can:
 - consider the resource implications and risks to delivering the corporate plan over the medium term, given the plan extends to 2030.
 - ensure the well-being objectives are shaping decisions on the level of service delivery, resource allocation, and savings targets (see paragraphs 35, 40-42).
- R2 In developing measures to accompany the three well-being objectives, NRW should ensure there is alignment with annual business plan and service performance measures so that there is clear reporting on progress and accountability for delivery (see paragraphs 23, 24, 45 and 46).

Appendix 1

Key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this examination, along with some sub-questions to guide our evidence gathering. They are based on the positive indicators we have previously used in our sustainable development principle examinations, which were developed through engagement with public bodies and informed by advice and guidance from the Future Generations Commissioner for Wales. This list is not a checklist, but rather an illustrative set of characteristics that describe what good could look like.

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

Planning: Was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle?

Has the body used data and other intelligence to understand need, risks and opportunities and how they might change over time?	 The body has a clear and balanced assessment of progress against previous well-being objectives that has been used to inform the body's understanding of the 'as is'/ short-term need. The body has set well-being objectives based on a good understanding of current and future need, risk and opportunities, including analysis of future trends. This is likely to be drawn from a range of local and national sources, such as: Public Services Boards' well-being assessments Regional Partnership Boards' population assessments The results of local involvement/ consultation exercises Service monitoring and complaints Future Trends report Natural Resources Wales' State of Natural Resources Report (SoNaRR) for Wales and Area Based Assessments The body has sought to understand the root causes of problems so that it can address negative cycles and intergenerational challenges through its well-being objectives.
Has the body involved others in developing its well-being objectives?	 The body uses the results of involvement to help select its well-being objectives. That involvement – whether primary, secondary or a combination – reflects the full diversity of the population. Involvement reflects good practice and advice from the Future Generations Commissioner.

Has the body considered how the objectives can improve well-being and have a broad impact?

- The well-being objectives have been designed to improve well-being in the broadest sense and make a contribution across the seven national well-being goals.
- The well-being objectives have been designed to reflect and capitalise on the connections between different areas of work.
- There is a well-developed understanding of how the well-being objectives impact on/ relate to what other public bodies are trying to achieve and opportunities to work together.

Has the body designed the objectives to deliver longer-term benefits, balanced with meeting short-term needs?

- The body has set objectives that are sufficiently ambitious and have been designed to drive activity across the organisation.
- The objectives are designed to meet short and longer-term need. Where objectives are set over a short to medium timeframe, they are set in the context of longer-term considerations or ambitions.

Resourcing and delivery: Has the body considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?

Has the body considered how it can resource the well-being objectives?

- Resources have been allocated to ensure the objectives can be delivered over the short and medium-term, but the body has also considered longer-term resources, risks and/or how it can resource longer-term objectives.
- The body has allocated resources to deliver preventative benefits, where these are described in its well-being objectives.

Has the body
considered how it can
work with others to
deliver their
objectives?

• The body is drawing on its knowledge of partners objectives/ activity, its relationships and collaborative arrangements to make sure it can deliver on cross-cutting ambitions.

Monitor and review: Has the body put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?

Has the body developed appropriate measures and monitoring arrangements?

- Performance measures are designed to reflect the sustainable development principle, e.g., by focusing on outcomes that cut across departmental/ organisational boundaries and deliver multiple (including preventative) benefits over the longer term.
- There is a 'golden thread' that will allow the body to clearly and transparently report on progress to meeting the objectives.

Is the body seeking to learn from and improve how it has applied the sustainable development principle to setting its well-being objectives?

- The body shows self-awareness and a commitment to improving how it applies the sustainable development principle so that it can do so in a meaningful and impactful way.
- The body has learnt from setting previous well-being objectives and from applying the sustainable development principle more generally and has improved the process for setting its new well-being objectives.
- The body has or plans to reflect on how it has applied the sustainable development principle in this round of setting well-being objectives.



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