

Natural Resources Wales

Board Meeting

9th July 2013

Paper Title	Enterprise framework for Natural Resources Wales managed assets and resources.
Paper Reference:	NRW B (O) (21.13)
Paper Sponsored By: Paper Authored By:	Trefor Owen Dave Edwell

Purpose of Paper:	To report on progress to date and seek the Board's views and support on the proposed enterprise framework for assets and resources managed by Natural Resources Wales.
Recommendation:	The Board is invited to provide feedback and approve the enterprise framework, so that the Executive is able to prepare a priority based revenue forecast in accordance with the Corporate Plan timetable.
Decision Required:	As per recommendation above.

Impact: To note – all headings might not be applicable to the topic Avoid generic statements and aim to tease out any specific impacts related to the overall purpose of the paper	Impact on the Environment: The proposed enterprise framework will favour ideas that have positive impact on the environment, and quickly dismiss ideas that are likely to have a negative impact. Impact on the Economy: Adopting the proposed enterprise framework will make a positive contribution to jobs and growth in Wales and generate additional revenue for Natural Resources Wales to invest in the environment. Impact on Community: The proposed enterprise framework will support ideas that have a positive impact on people and communities, and quickly dismiss ideas that are likely to have a negative impact. Impact on Knowledge: The proposed enterprise framework provides an opportunity to maintain and develop business skills across the organisation.
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Issue

1. Natural Resources Wales needs to prepare and implement an enterprise framework and identify prioritised proposals as part of the corporate planning and business planning process.

Background

2. Developing existing and new enterprise activities has been identified as a priority for Natural Resources Wales in the Welsh Government's Remit Letter 2013 -14 and by many business stakeholders.

3. The direct management of significant land based assets and resources, together with core skills in key market sectors provides a new opportunity for Natural Resources Wales to maintain and develop new innovative enterprise activities based on the principles of sustainable natural resource management.

4. Well considered and efficiently implemented enterprise opportunities will provide useful mitigation to likely increased future pressures on Grant-in-Aid funding from Welsh Government and make an important contribution towards the Government's aspirations for jobs and growth in Wales.

5. Since 1 April 2013 we have:

- Established a baseline of current enterprise activities and related revenue.
- Increased our engagement with emerging opportunities in emerging and potentially controversial markets such as small-scale hydro-power development, Shale Gas/Coal bed methane, Underground Coal Gasification and mineral income (coal and stone).
- Captured a significant number and range of ideas for new enterprise activities from the Chairman, Board Enterprise Group, Chief Executive Officer, Executive Directors and staff.
- Developed an enterprise framework and a methodology for qualifying existing and new ideas, and prioritising the ones to pursue further based on revenue potential, minimum acceptable rates of return, *vires*, speed, ease of implementation and environmental and social fit.

Proposals and next steps

6. The Board is invited to comment on the progress to date and address the following questions:

Question 1 - Is the proposed enterprise framework's scope, agenda for action and measures and proposed ways of working clearly aligned with Natural Resources Wales' purpose 'to ensure that natural resources of Wales are sustained, maintained, enhanced and used now and in the future'?

Question 2 - Are there any specific market sectors or activities that the Board wishes to exclude from consideration?

Question – 3 Are the guideline Minimum Acceptable Rates of Return (hurdle rates) and qualifications reasonable when considered against Natural Resources Wales risk appetite and status as a public sector body with a wide range of duties?

7. Subject to feedback and comment in response to the above questions, the Board is invited to approve the proposed enterprise framework for Natural Resources Wales managed assets and resources.

Risks

8. The proposed enterprise framework provides a logical, structured and transparent approach to enterprise development, minimising the risk of pursuing inappropriate activities.

9. The proposed framework is designed to quickly highlight and guide the management of reputational risks associated with dealing with emerging and controversial markets, such as natural gas extraction.

10. The main risk associated with adopting the proposed framework relates to the potential for the organisation to rely on over-ambitious additional revenue aspirations in its forward planning. This is mitigated by the proposed forecasting and reporting methodology, and the Board's engagement in addressing the deliverability questions in this paper.

Financial Implications

11. There are no additional financial resources associated with the initial implementation of the proposed framework. Two FTE's (£80k) are likely to be required in the medium term to focus on priming and marketing activities, but these costs should be recoverable through additional revenue in the longer term.

Legal and Compliance Issues

12. There are no statutory or legal issues associated with the implementation of the proposed framework. Knowledge, Strategy and Planning Directorate and Legal Services input will be required to work with Welsh Government to deal with any constraining *vires* issues through new legislation, such as the proposed Environment/Natural Resources Bill.

Communications

13. The Head of Enterprise will develop a Communications Plan for implementation of the proposed framework, with support from the National

Services Directorate Communications lead. This will cover both internal and external stakeholders.

Equality impact assessment (EqIA)

14. No EqIA is required for this paper

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Enterprise framework – Annex 1