

Board Paper

03 April 2014

Paper Title	Update on Sustainable Development (SD) Charter Challenge 2014-15
Paper Reference:	NRW B O 30.14
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Purpose of Paper:	To update the board on the challenge Natural Resources Wales will commit to when signing up to the SD Charter 2014-15.
Recommendation:	To endorse the SD Charter challenge.
Decision Required:	For information only

Impact: To note – all headings might not be applicable to the topic	Impact on the Environment: This challenge will mean we plan our activities aligned to our resources, such that we deliver our outcomes in the most efficient, effective and sustainable way. This will ultimately have short and long term environmental benefits, including with respect to our own internal environment management.
	Impact on the Economy: The challenge is to better align corporate performance management with resource and financial management activity and be able to report in an integrated way on the outcomes of the organisation. The expectation is for positive economic impacts both internally and externally. We anticipate some internal cost savings through better resource allocation and the decisions we take will utilise resources in ways that maximise externally, their positive social, economic and environmental outcomes.
	Impact on Community:

	By better aligning resource and corporate performance management and being able to report in a more integrated way on the decisions and outcomes we have delivered, we will be able to better demonstrate where and how we have impacted communities. Impact on Knowledge: The learning around the realities of organisational change to ensure decisions are taken with SD principles at their heart is a key outcome of this challenge. Our learning and that of others, will be shared with the wider Charter members and public sector to help Wales move to a more sustainable nation through SD principled decision making and performance management and reporting.
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Issue

1. The paper updates the Board on the challenge Natural Resources Wales will commit to when signing up to the SD Charter for 2014-15. This update was an action following the Future Generations Bill paper presented at the February Board.

Summary

2. Annex 3. sets out the “Commitment” we sign up to as a signatory of the SD Charter. In signing up we also need to provide an activity that we will undertake during the year that moves us towards meeting the commitments outlined. This is the annual “Challenge”. Natural Resources Wales when signing up to the SD Charter in 2014-15 will outline as our challenge: Establishing a Performance Management approach, aligned to Resources (People and Money), which will ultimately lead to Integrated Reporting for Natural Resources Wales. This supports the organisational shift to having SD as the central organising principle; a key requirement of the SD Charter and Future Generations Bill proposals.

Background

3. In establishing Natural Resources Wales we are developing our internal systems and process. At the same time Welsh Government is bringing in legislation with respect to Sustainable Development : The Future Generations Bill, it is opportune that we look to align our processes with the proposed requirements of that legislation
4. The SD Charter was established by Welsh Government to help all sectors, public, private and third, to contribute to delivery of the SD Scheme “One Wales: One Planet” and embed SD as their central organising principle. The Charter provides a network opportunity for sharing learning on embedding SD.
5. During 2014-15 Natural Resources Wales will start to embed a Corporate Performance Framework, which is in line with the Results Based Accountability approach and will include: tracking the delivery of outcomes using indicators,

and target delivery through a corporate dashboard. These will be aligned to appropriate risk management, business plan and decision making processes.

6. Natural Resources Wales will also start to scope during 2014-15 what is required to deliver Integrated Reporting. This will be undertaken by Corporate Planning and Performance. Integrated Reporting of our business would then be delivered in subsequent years.
7. These activities form the basis of the challenge that we will put forward as a signatory to the SD Charter in 2014-15. This is a relatively new way of working for the public sector in Wales and the lessons we learn in our delivery of this approach will be invaluable to others who are on their journey to embed SD as their central organising principle. By having this as our challenge under the SD Charter, we commit to sharing our learning and to work with others on this transition.
8. Part of the challenge involves Corporate Planning and Performance working with the Finance team during the development and implementation of the new Finance and HR Enterprise Resource Planning (ERP) system, to maximise any opportunities to align resourcing and performance and ensure it can inform future integrated reports. The ERP will underpin our management and financial accounting process.
9. When designing how the ERP will support the business of Natural Resources Wales, it will be important that we take the opportunity to integrate sustainability reporting from the outset. Failing to do so could result in Natural Resources Wales taking longer to embed integrated reporting into the business, or indeed having to resort to inefficient manual systems.
10. Part of the challenge will be to work with others. We plan to work with the City and County of Swansea Council and the Crown Estates, who have already undertaken some work in sustainability and Integrated Reporting. This will ensure we take this forward in the most efficient and effective way, by understanding and building on the experience and lessons from others.
11. A key challenge that Swansea Council faced was in aligning the Finance department's language with that of sustainability, as their accounting system had been in place for a considerable time and was developed before sustainability was seen as a core part of their business. The sustainability team at Swansea needed to communicate to the business what it was they were trying to achieve, but found that the language being used was in some cases confusing. Once they brought the two functions together their progress was accelerated. For Natural Resources Wales the joining up of the finance systems, wider business decision making and corporate performance management, is one of the fundamental actions to ensure we are maximising our contributions to the sustainable development of Wales.
12. This challenge will therefore be jointly delivered by Corporate Planning and Performance and Finance Departments.
13. The knowledge gained through working on the challenge will be shared within Natural Resources Wales, as well as with the wider community of the SD Charter network.

14. This challenge aligns well to the proposals in the Future Generations Bill. For example performance alignment to the proposed Goals and decision making aligned with organisational resources including budgets, leading to the ability to deliver integrated reporting. (Details of the proposed Goals are provided in Annex 2.).

Next Steps

15. In respect of the Challenge:

- Ensure that what is being developed for corporate performance in line with an RBA approach, feeds into the development of the ERP system.
- Engage as appropriate with the wider business to develop the thinking and requirements for Integrated Reporting.
- Establish appropriate working relationships with the Crown Estate and The City and County of Swansea Council to ensure we benefit from their experiences to date, can share learning and undertake collaborative working where appropriate.
- Capture the learning such that this can be shared with the wider Charter network.

16. In respect of the SD Charter:

- Formally sign up to the SD Charter detailing the challenge.

Risks

17. We run the risk of needing to make modifications to processes or systems, or to put additional monitoring and reporting systems in place which may be manual, if we don't ensure the development of new systems such as the ERP support embedding SD and compliance with the proposals in the Future Generations Bill from the outset.

18. There is potential for reputational risk if we don't deliver on our commitment, whether organisationally, but particularly if working collaboratively. It will be important that appropriate resources and priority are given to the challenge.

19. If we don't work with others to share learning and knowledge around having SD as the organisation's central organising principle, we would be less efficient in implementing it and our learning would not help others achieve it more efficiently.

20. We fail to utilise the opportunity the Charter and the challenge offer us to raise the profile and understanding of the role of Natural Resources Wales and our contribution to a sustainable Wales.

Financial Implications

21. The work will form part of ongoing work to establish Natural Resources Wales processes. This is not an additional burden.

- 22. The potential additional time and resource cost will be pulling together lessons learnt to report back to The SD Charter.
- 23. There may be small additional costs of working with partners in terms of travel costs, time etc, would be part of work that needs doing to align Natural Resources Wales to the Future Generations Bill.
- 24. If we don't ensure the development of new systems such as the ERP support embedding SD and compliance with the proposals in the Future Generations Bill, we may incur additional costs later to make the changes to these systems, or to put additional monitoring and reporting systems in place.

Communications

- 25. The Decision to sign up to the SD Charter and the commitment that puts upon us, as well as the activity we have identified as our annual challenge, need to be communicated to all staff and to our partners and stakeholders.
- 26. Teams and individuals that are directly involved in supporting the delivery of the challenge identified will need to have this clearly articulated in their work programmes and personal objectives as appropriate.
- 27. We will need to report on and communicate our learning at the beginning of 2015 to the Charter Network.

Equality impact assessment (EqIA)

- 28. An EqIA has not been carried out. The processes put in place as part of this challenge to ensure our decision making, and performance reporting are SD embedded, would require the consideration of equality issues at the point of decision and delivery.

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Annex 1: High level Challenge options put forward at January EDT.

Annex 2: The Future Generation Bill proposed Goals

Annex 3: The Commitment we sign up to as a SD Charter signatory