

10 February 2015

Paper Title	Performance Report 2014/15 Report for Year (April 1st to 30th November 2014)
Paper Reference:	NRW B D 5.15
Paper Sponsor:	Executive Team
Paper Prepared by:	John Hogg

Purpose of Paper:	To consider performance of NRW over the first and second reporting periods (covering April 1st to 30th November 2014)
Recommendation:	The Board is requested to: • Exercise scrutiny and governance over performance so that this can be reported to Welsh Government • Provide advice and support on the ongoing suitability of the Performance Framework • Note the latest Operational Risk Register
Decision Required:	Endorsement of the performance report

Impact:	Impact on the Environment: The performance report shows progress of Good Environment indicators and targets against the first year of our Corporate Plan and the 2014/15 Business Plan respectively. Impact on the Economy: The performance report shows progress of Good for Business indicators and targets against the first year of our Corporate Plan and the 2014/15 Business Plan respectively. Impact on Community: The performance report shows progress of Good for People indicators and targets against the first year of our Corporate Plan and the 2014/15 Business Plan respectively. Impact on Knowledge: The performance report shows progress of Good Knowledge indicators and targets against the first year of our Corporate Plan and the 2014/15 Business Plan respectively.
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Issue

1. Our Performance Framework was developed in response to the specific requirement in our Remit Letter 2014/15. The Framework is one of the Board's principal ways of scrutinising our delivery and supporting strategic planning. The Framework was considered and approved for use at the Board meeting of 14 May 2014.
2. Our Business Plan Dashboard is a component of the Performance Framework. Following agreement of the Framework on 14 May 2014 a sub group of the Board was tasked with considering how the Board's comments could be addressed in the Dashboard. This work was completed, working with officers, in June 2014 and reported to the Board on 9 July 2014. The first round of performance reporting, for the year to 31 July, was completed and reported to the Board 2 October 2014.
3. The second round of performance reporting, for the year to 30 November, has now been completed and the performance report prepared for Board scrutiny prior to submission to Welsh Government. Performance reporting for this report occurs every four months.
4. Risk registers at the corporate and directorate level are routinely used to monitor and scrutinise performance and delivery.

Summary

5. This performance report (annex 1), as agreed by the Board, consists of distinct elements:
 - A one page Performance Summary Report providing a single page overview of performance against the Corporate Plan 2014/17, Business Plan 2014/15 and the Business Case for the creation of Natural Resources Wales.
 - Progress Reports giving the latest position on our corporate indicators and performance measures for each of our five "Good for" themes.
 - A Business Plan Dashboard giving a single page overview of how we are progressing with our targets from our Business Plan 2014/15 plus a small number of indicators.
6. The Operational Risk Register (annex 2) shows the most up to date consideration of risks associated with our delivery. Together with directorate level risk registers and directorate performance dashboards, delivery is monitored and scrutinised.
7. The Board is requested to:
 - Exercise scrutiny and governance over performance, so that this can be reported to Welsh Government

- Provide advice and support on the ongoing suitability of the Performance Framework
 - Note the latest Operational Risk Register
8. The consideration of performance at both Corporate and Business Plan levels is important in allowing the Board to provide strategic planning insight. A requirement of our remit letter for 2014/15 is that we use a 'Results Based Accountability' (RBA) approach for planning and performance.
- The Corporate level shows indicators that reflect whether our “good for” ambition for each Theme is being achieved. This is the Wales, or “whole population”, level of RBA.
 - The Business level shows performance measures of progress towards the targets set in our Business Plan. This is NRW contribution, or “performance”, level of RBA.
9. In this way our Performance Framework allows us to consider Natural Resources Wales' contribution to the achievement of an outcome, whilst at the same time recognising that achievement of that outcome is not solely dependent on Natural Resources Wales' activity.
10. The Business Plan Dashboard shows performance for all 36 measures across the five Themes. In addition, we show the position against five indicators¹ as requested by the Board. The current position (period 2) is shown below, alongside the previous (period 1) and projected (period 3/year end) positions.

	Period 1 (Previous status)	Period 2 (Current position)	Period 3 (Projected position)
'Green'	21	25	29
'Amber'	14	12	8
'Red'	3	2	2
N/A ²	2	2	2
Total	40 ³	41	41

11. Turning to the current reporting round, the 2 “red” reports are as follows:
- *We fulfil our role as statutory consultee in responding to planning consultations* (performance 80% for quarter two, against 90% target): We are failing to meet

¹ These indicators are: Ee: Marine, terrestrial and freshwater environment; Ea: Water environment; Bd: Our role as statutory consultee; Be: Generating income; Ob: Staff engagement index.

² Indicators where a red/amber/green rating is not currently applicable. These indicators are: The water environment improves (i.e. Indicator Ea: Water environment): Available in 2015/16; We all have confidence in our collective success (i.e. Indicator Ob: Staff engagement index): Available for year end 2014/15.

³ We now have 36 measures, up from 35 in period one, following the inclusion of a measure on pollinators

required timescales in fulfilling our role as a statutory consultee. However, we have improved our position in responding to planning applications, increasing performance from 70% in quarter one of 2014/15 to 80% in quarter two. Since we last reported, the monthly figures show this improvement in greater detail. August was 71%, September 74%, October 87% and November 94%. This is encouraging and reflects significant hard work by the teams involved to improve processes and flow. We have also moved forward on key areas that will lead to sustainable ways of working.

- *The condition of features on sites improves* (performance 23%-33% against 95% target from Wales Environment Strategy): The condition of site features will often take many years to show an improvement post actions undertaken on the ground. Our direct contribution to achieving improvement in this indicator position is the LIFE Natura 2000 (N2K) programme. This programme identifies all actions required to address existing issues and future risks to features on Special Areas of Conservation. In total our officers have identified 352 actions which we will use this year to address conservation management issues on designated sites, with priority given to sites of European importance and measures identified in Water Framework Directive Management Plans. The completion of our own actions is reflected in measure “We will play our part and work with others to halt biodiversity loss...” which is currently green. We have contributed and commented on the Welsh Government nature recovery plan. We will work with Welsh Government to identify measures appropriate for our corporate plan from 2017 that align with the new strategic approach. In the meantime we continue to prioritise our action on glastir applications and those activities and sites at greatest risk.

12. Still in the current reporting round, other items of note from the performance framework are as follows:

- *We maintain high risk flood and coastal risk management assets, prioritising our efforts on those which counter the highest risks*: 97.4% of our flood risk assets in high risk systems are at target. Target 99% for high risk. There has been steady improvement in the asset performance figures since July. We will continue to address as many of the failing assets as possible over the coming months. In parallel with this work, a project to review the existing Flood Risk Management systems in Wales will be carried out. This will involve reviewing the flood risk flags (High/Medium/Low) allocated to FRM systems. This should ensure the assets continue to remain in the right risk category.
- *We deliver our Flood and Coastal Risk Management Capital Programme*: The predicted end of year figure will be 467 properties benefiting from an increased level of protection. We have also implemented property level protection to over 150 properties. Currently the target will not be met because schemes at Ffordd Isa & Newton Sea defences have moved into the next financial year.
- *We determine permits, licences and consents meeting the statutory determination or service level agreement period timescale*: 88% (2,621 of 2,979) of licences

issued (year to end November) within the statutory or service level determination period against 90% target, although the figure for November alone was 89%. Process evaluation is underway across all the permitting/licencing/consenting regimes to investigate current approach, and identify potential changes to improve efficiency

- *Volunteering and skills development in the environment:* We will be developing the Cyfoeth volunteering scheme having agreed the principles of the Cyfoeth umbrella scheme last year. The woodlands and you scheme will be taken forward by operations on a Wales wide basis supported by Knowledge Strategy and Planning along with National Services. This will include addressing the recommendations from Internal Audit. Audit Risk and Assurance Committee will retain oversight of the internal audit report response.
- *We provide efficient and effective business support and customer care to both staff and customers:* Our confidence in achieving all four underlying measures (payroll, income, debt level and parment performance) is tempered by the risk associated with the introduction of the new system around these measures. Significant effort is going into managing these risks.

13. In addition to the above items of note, the following dashboard measures are shown as amber:

Dashboard Measure	Expected year end status
We develop Wales' approach to Natural Resource Management	Green
We work with Welsh Government to develop natural resource policy, including development of the State of Natural Resources Report	Green
We ensure the sustainable management of land a water we manage	Green
We develop our education strategy to involve learning in, and about, the natural environment, plus linking to the curriculum and wider learning opportunities	Remain amber at year end as the strategy is being sent to the February Board meeting and not the November meeting
We implement initiatives for Welsh Government	Remain amber due to the uncertainty over the long term management of the Wales Coast Path
We plan and allocate resources to business priorities and achieve performance reporting that drives continuous improvement	Green
We deliver our transition projects to help establish our standalone capability	Green
We deliver our accommodation strategy	Remain amber at the year end

	as we will reduce the number of properties to 67 rather than the target of 64
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14. In line with the 2 October Board meeting, we took the following actions:

- Pollinators measure added. We now have 36 measures, up from 35 in period one, following the inclusion of a measure on pollinators as agreed
- The “We improve the health, safety and wellbeing of the workforce” measure amended. Measure now solely reports lost time incidents for staff, not including contractors. No trend information is shown for this measure, as its focus has changed.
- Staff engagement: We are progressing the development of a more accurate way to measure staff engagement across NRW through a staff survey. This will be launched in February 2015. This will form a new baseline for the staff engagement score.

Next Steps

15. Subject to Board endorsement of the performance report we will forward and discuss it with our Sponsoring Department in Welsh Government

Risks

16. Without our Board undertaking proper scrutiny of our performance there is a risk we would fail to deliver our Corporate and Business Plans. The Board would also be failing in its duty to undertake scrutiny and governance.

Financial Implications

17. There are no significant financial implications in providing the Performance Framework.

Communications

18. The performance report will require communication to the Minister for Natural Resources.

19. A copy of the performance report will be placed on the Natural Resources Wales Website to inform the public and others.

Equality impact assessment (EqIA)

20. Not applicable.

Index of Annex

Annex 1 – 2014/15 performance report for period 1 (April 1st to 30th November 2014).

Annex 2 – Operational Risk Register