



**Cyfoeth
Naturiol
Cymru**
**Natural
Resources
Wales**

Annual report and accounts 2024 -2025

naturalresources.wales



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Chair's foreword

As I come to the end of my seven-year tenure as Chair of Natural Resources Wales, I look back on a period shaped by extraordinary challenges and a shared determination among colleagues to meet them head-on.

The COVID-19 pandemic reshaped how we worked and tested our ability to stay connected to those we serve. In response, I was proud to chair the Green Recovery Taskforce on behalf of Welsh Government Ministers, ensuring that nature and climate were at the heart of Wales' path to recovery.

Major flooding events brought serious impact to many communities across Wales, and NRW worked closely with emergency services, local authorities and other partners to support those affected and strengthen future resilience. These events underscore the importance of joined-up action, and we have since continued to improve our systems and invest in long-term flood schemes.

At the same time, rising public concern about water quality led to national discussions and scrutiny. Ensuring clean and abundant water remains one of the most critical challenges we face, and it continues to be a major focus. Public attention—and media scrutiny—on the performance of water companies has never been higher. We are playing our full part in that, pushing for record levels of investment and strengthening and increasing our frontline capacity for water company regulation. We have also continued to challenge the environmental performance of Dŵr Cymru Welsh Water. Enforcement action was taken against the company in October, and in May 2025 Dŵr Cymru Welsh Water were fined £1.35m. However, following an appeal by Dŵr Cymru Welsh Water, this was reduced to £120k.

In the water sector, strategic planning ahead of each 5-year price review is a key lever for driving environmental investment. In the latest review, concluded this year, we secured £1.7 billion of funding by the water industry in Wales for delivery through to 2030 - an almost sixfold increase from the previous cycles. This unprecedented investment will enable major improvements, bringing lasting benefits to communities and ecosystems across Wales.

This Annual Report sets out what we have achieved during 2024 / 2025, how we've delivered against our statutory purpose, and how we've used public resources to deliver lasting value for the people, places, and natural environment of Wales. Our work has never been more important. From regulating industry to protecting communities from flood risk, from managing the Welsh Government Woodland Estate to supporting nature recovery, we are helping to create a Wales where nature and people can thrive together.

Change within NRW has been significant. Clare Pillman, our Chief Executive, retired this year after seven years of dedicated leadership. Clare steered NRW through the pandemic, major storms, and the declaration of climate and nature emergencies. Her leadership was pivotal in shaping our 2030 Corporate Plan and setting a bold vision for a Wales where nature and people thrive together. Her legacy will be felt for many years to come, and I thank her for her service. The recruitment process for her successor will shortly be

underway, and in the meantime, Ceri Davies will continue to serve as Acting Chief Executive.

We welcomed three new Board members—Dr Hushneara Begum, Dr Rebecca Colley-Jones, and Adam Taylor—who are already making an excellent contribution. I'd also like to express sincere thanks to Dr Rosie Plummer and Geraint Davies, whose terms came to an end, for their expertise and commitment over many years.

We have implemented a wide-reaching organisational restructure as part of our internal Case for Change. This marks a significant step in strengthening our foundations – ensuring we are fit for the future and better positioned to deliver our purpose with greater clarity, agility, and impact.

Through all this, our people remained focused on delivering our mission. I would like to thank our staff for their continued dedication, professionalism, and resilience. They embody NRW's values of connected, bold, caring and resourceful. Their work is making a real difference—from frontline regulation and emergency response to scientific research, forestry operations, and community engagement.

We remain deeply grateful to our partners and stakeholders across government, industry, civil society, and local communities. Their support, challenge and collaboration are essential as we tackle the complex and interrelated challenges of climate change, biodiversity loss and pollution.

Looking ahead, the context in which we operate will keep evolving—scientific knowledge, technological innovation, financial pressures, political priorities, and societal expectations will all continue to shift. But our direction of travel is clear. We are strengthening our foundations and accelerating delivery at the heart of our mission: for nature, for climate, and for pollution minimisation—through to 2030 and beyond.

As I step away, I do so with immense gratitude—for the people I've worked alongside, for the trust placed in NRW, and for the opportunity to help shape a more sustainable and resilient Wales. It has been the honour of my professional life to serve as Chair. I've learned that it is through listening, partnership, and long-term thinking that we make the biggest difference.

Finally, I would like to warmly welcome my successor, Nilesch Sachdev, who will take up the role on 1 November. He brings with him a wealth of experience in the environmental and forestry sectors and will lead NRW into the next chapter with skill and insight.

We have much to be proud of—and much still to do.

Sir David Henshaw

Chair

28 October 2025

Performance Report

Over the following pages our Acting Chief Executive, Ceri Davies, offers her perspective on our performance over the year. This is followed by an introduction to our organisation and the vision and objectives we are working towards. We outline summaries of risk and finance as well as more detailed analysis of performance on delivery against our corporate objectives (our Well-being objectives).

Chief Executive's statement

As our organisation continues to align delivery to the priorities in our Corporate Plan to 2030, Nature and People Thriving Together, we have managed key risks and uncertainties through the year; including an organisation-wide change programme and the allocation of significant additional funding in the Welsh Government draft budget. My statement below sets out more detail on this challenging operating environment and also highlights how we have continued to deliver for nature, climate and pollution minimisation through this period of change.

Strengthening the resilience of NRW

Like the rest of the public sector in Wales, we have been operating in a tough economic environment. High inflation over the last 3 - 4 years has increased our costs, resulting in a real-terms decline in funding. As we noted in last year's annual report and accounts, we recognised the pressures on our financial position early and took a number of actions to manage our expenditure and the financial risk. This included the introduction of recruitment controls, reducing the number of fixed term appointments and controlling non-staff budgets. Together these in-year measures secured a balanced budget at the end of 2023/24. Nevertheless, this did not address the root cause of the financial pressures. We started the 2024/25 financial year knowing we needed to manage a budget deficit of circa £9 million.

Balancing our budget through in-year controls on recruitment is not a sustainable approach to apply year-on-year - detracting our collective energy from delivery of our mission for nature, climate and pollution minimisation.

In very simple terms, without any interventions our cost base would inevitably continue to rise in response to inflation, future pay awards, the need to invest in infrastructure and contingencies to deal with legal liabilities. The funding gap of £9 million at the start of 2024/5 would grow by circa £4m in 2025/26 to £13 million, with a further £4 million added in 2026/27. This means that by 2026/27 the gap would exceed £17 million if no action was taken.

Against this financial position, the 'Case for Change' proposal was prepared with the aim of securing:

"An organisation with a financially sustainable and affordable structure aligned to delivery of the Corporate Plan, strengthening the resilience of the organisation so it can adapt and respond to the more difficult challenges posed by the nature, climate and pollution emergencies as we head towards 2030 and beyond"

A change programme was developed to secure our structure at a sustainable level going forward, informed by a detailed prioritisation, where we focussed on those things only we can do and have the greatest impact on delivering for Nature, Climate and Pollution Minimisation. The Case for Change identified a small number of activities that will stop and a much larger number of activities that will scale back with a reduction in the level of service. Although the prioritisation identified areas for investment, the scale of the financial challenge meant that we were unable to follow through on this intent at the start of the Case for Change implementation.

After an extensive period of consultation with the Trade Unions and colleagues across the organisation in November 2024 the NRW Board approved the Case for Change for implementation. This decision secured a c£12m reduction in the Grant in Aid Budget through the removal of c200 permanent posts from the structure by the 1 April 2025.

In approving to implement the case for change, the NRW Board underlined the critical importance of ensuring the organisation embeds changes to ways of working and organisational controls - to mitigate the risk of further cuts to Grant in Aid, driving the need for extensive organisation wide change programmes in the future.

Following the laying of our 2023/24 Annual Report and Accounts in the Senedd on 21 October 2024, the Welsh Government increased its engagement with NRW to track and monitor its progress in resolving an issue relating to NRW's historic compliance with off-payroll working (more commonly known as IR35) requirements.

We have engaged proactively with Welsh Government to strengthen our ways of working and have developed new monitoring arrangements to regularly review priorities and issues, with the aim of providing assurance and confidence of their oversight of NRW's financial and risk management arrangements.

Delivery

Colleagues across the organisation have striven to maintain their focus on delivery with managers and team leaders constantly reprioritising workloads to focus on priority areas with notable achievements such as:

- publication of the Interim Report for the State of Natural Resources Report (SoNaRR) for Wales 2025;
- responding to the flooding and damage across the land in our care resulting from storms Bert and Darragh;
- delivering capital projects and sustaining levels of protection for properties to reduce flood risk through the completion of the main elements of the new flood defence structures on the Stephenson Street Flood Alleviation Scheme in Newport;
- restoring peatland on priority sites on the land in our care, as well as supporting direct delivery projects with landowners and managers across Wales using Land Management Agreements and Grants;
- providing challenge and advice to water companies on their investment priorities, culminating in the Ofwat Final Determination securing record levels of water company investment in the Welsh environment to 2030;
- responding to 97% of incidents initially categorised as 'High' within four hours;

- completion of the planned consultation on the potential designation of a new National Park alongside work to streamline the designated management plan guidance.

Nevertheless, the controls on recruitment have meant that we have carried a significant number of vacancies across all parts of the organisation. Whilst this ensured we protected permanent members of staff from the risk of redundancy, this inevitably impacted on delivery through 2024/25; with progress on some business plan commitments and key deliverables slower than anticipated at the start of the year. Activities that underpin delivery of our well-being objectives, such as permitting, compliance visits, statutory advice to planning authorities and developers have also been adversely impacted by the controls on recruitment. Scrutiny of performance by the Executive Team and Board is documented in the quarterly performance reports and the year-end position in the Performance Summary and Analysis sections. The pathway to green for those commitments reporting red or amber is dependent on the release of the recruitment controls now underway. It is likely that the earliest these commitments will return to green is Q3 in 2025/26. For this reason, these commitments and deliverables will be retained within the 2025/26 Annual Business Plan.

We have continued to evolve our performance management framework, with the introduction this year of the Executive Team Well-being Objective Lead role alongside the establishment of the Well-Being Objective Performance Group. Together these maintain our organisational focus on alignment with the Corporate Plan through the integrated delivery of the annual business plan commitments. There has been constructive challenge, particularly on the red, amber, and green status for year end and this has created a greater sense of realism.

Additional funding for 2025/26

The first budget of the new UK Government resulted in a better-than-expected settlement for Wales. Welsh Government chose to invest some of this funding in NRW, and the Draft Welsh Government Budget announcement in November 2024 was the first indication that significant additional funding would be made available. Additional, permanent Grant in Aid funding has been made available to cover the increased organisation-wide pay bill as well as enabling follow through on our prioritisation intent with areas identified for investment with c£4m allocated in water quality, biodiversity, evidence monitoring, flood risk management, and business improvement. Other areas, for example peatland restoration and the Infrastructure Act, now see their total funding amounting to £10.7 million.

While the additional funding is very welcome, this rapid switch in organisational focus from contraction (Case for Change) to expansion (additional specific funding) is challenging and poses significant new financial and delivery risks for the organisation. We are responding positively, while at the same time maintaining our focus on the future financial sustainability and resilience of the organisation. To ensure we retain our flexibility and ability to adapt to future change, Executive Team has challenged all areas in receipt of additional funding to not default to permanent recruitment. Instead, we will deliver using a mix of interventions including contracts, grants, partnerships, placements, and apprenticeships to ensure we can deliver the outcomes while minimising the risk of exceeding the affordable, permanent headcount.

The Executive Team extend their sincere thanks to colleagues for their continuing patience, commitment, and professionalism in a challenging year.

Ceri Davies

Interim Chief Executive and Accounting Officer

28 October 2025

About NRW

We are a Welsh Government Sponsored Body. We work for the people of Wales, and it is our duty to pursue the sustainable management of natural resources (SMNR). [These guiding principles](#) underpin everything we do, including how we use our connections and bring people together to create and deliver shared outcomes to tackle the nature, climate and pollution emergencies.

We share with many other organisations and individuals a love and passion for nature, detailed knowledge and expertise, as well as pride in supporting communities across Wales to take action.

For information on how our organisation is structured to deliver, please see our [Accountability Report](#).

Our well-being objectives to 2030

Our [Corporate Plan](#) sets out our vision, mission, values and well-being objectives to 2030. The plan aligns with the strategic objectives Welsh Government set for us in the [term of government remit letter](#).

By 2030 in Wales:

- [Nature is recovering](#); We are taking urgent action to halt and reverse the decline in biodiversity.
- [Communities are resilient to climate change](#); We are taking urgent action to reduce greenhouse gas emissions and accelerate action to adapt to climate change.
- [Pollution is minimised](#); We are taking action to minimise those things that harm human health, biodiversity and contribute to greenhouse gas emissions.

By focussing on these three well-being objectives *together*, we will protect and enhance the well-being of future generations.

Key risks summary

Risk is inherent in everything we do. Recognising key risks and effective management of these is crucial to ensure we mitigate any negative impact that they could have on the achievement of our objectives, whilst at the same time seizing any opportunities they may bring about. Our risks are identified, assessed, managed, reviewed and recorded through risk and assurance registers and are aligned to the delivery of our strategic objectives and purpose outlined in our Corporate Plan.

The six risks below are actively managed by a Director level risk owner together with their risk manager(s).

Each has a risk appetite set and statement developed by the Board. The impact of both the external and internal environment will affect the management of the risk within its risk appetite and over time will provide an insight into the areas where we may have to tolerate, accept or seek more risk.

A summary of key risk areas is as follows:

Financial sustainability

Operating within a balanced budget and ensuring that our decisions contribute positively to our long-term financial viability are critical for the successful delivery of the Corporate Plan. The current external climate of inflation, escalating costs, and supply chain challenges, stresses the heightened importance of effective risk management, a well-articulated risk appetite, and the ability to be agile and adaptable in response to ongoing economic shifts and instability. See [‘Chief Executive’s Statement’](#) and [‘Finance summary’](#) for more around this.

Organisational resilience

To mitigate the potentially severe impact of large-scale events like cyber security attacks or severe weather on our business operations, it is essential that we are adequately prepared. This risk specifically addresses our need to establish a robust framework for planning, responding to, and recovering from such disruptions and to include proactive horizon scanning to identify emerging risks, comprehensive scenario planning to understand potential consequences, and the implementation of effective business continuity and disaster recovery plans to ensure operational resilience. See *Accountability report* [‘Information Assurance’](#) for more around our approach to cyber and information security.

Health and Safety

The nature of our operational delivery involves inherently high-risk activities, including the operation of heavy machinery, working in or near water, the use of chainsaws, and often on challenging terrain. Recognising the potential for serious harm, this risk emphasises the critical importance of establishing and maintaining robust infrastructure and comprehensive training programmes in order to build and provide the necessary competencies. This risk specifically focuses on ensuring our practices align with the Health and Safety at Work Act to minimise both the probability and the impact of potential incidents. See *‘Wellbeing, Health and Safety’* quarterly [Board papers](#) for more around this.

Values and ways of working

The ability to deliver our Corporate Plan is directly dependent on ensuring that our ways of working and underlying values are consistently aligned. Our operating model, governance structure, prioritisation methodologies, defined risk appetite, and the behaviours and practices that champion our values must collectively provide the necessary framework and support for realising our well-being objectives. See [Board papers](#) for more around this.

People

Achieving optimal delivery requires us to fully capitalise on the collective skills, knowledge, expertise, and experience of our staff. This means strategically deploying the right people to the right work and locations to ensure maximum impact. To support this, our organisational structure must be adaptable and responsive, and our prioritisation of work, allocation of resources, and planning for our future must be aligned with the objectives and priorities outlined in our Corporate Plan. See '[Chief Executive's Statement](#)' and '[Remuneration and Staff report \(audited\)](#)' for more around this.

Political, legislative, economic environment

To effectively understand and manage the evolving external environment, it is crucial that we proactively read, anticipate, influence where possible, strategically plan for, readily adapt to, and responsively address shifting political, legislative, and economic circumstances that impact NRW's activities. The dynamic political landscape across Wales and the UK necessitates that NRW maintains agility, actively strengthens relationships, and strategically utilises and expands its networks at local, national, and international levels. This proactive engagement is essential in facilitating transformative action. We need to take every opportunity to support the delivery of our well-being objectives through effective and collaborative working relationships with our customers and stakeholders. See [Board papers](#) for more around this.

For more on risk(s), please see:

- [Accountability Report](#), which has a focus on risk management and internal control (including how risks are identified, recorded, assessed, managed, reviewed, and scrutinised);
- [Performance analysis](#), which includes content on performance related risks and how they are mitigated against.

Finance summary

Our total income for the year was £136million and this included £40million of grants from Welsh Government towards a range of outcomes. In addition, the Welsh Government provided £143million Grant in Aid. Welsh Government also provided £2million in working capital funding. In the financial statements, Grant in Aid and working capital funding is treated as a contribution from a controlling authority and not a source of income.

In 2024/25, our expenditure increased from £300million to £305million. The change in expenditure is mainly due to accounting for the liability for HMRC's determination on IR35 offset by less money spent on the delivery of our capital programmes. That reduction is due to there being more expenditure than normal in the previous financial year due to construction costs on the Stephenson Street Scheme in Newport. Staff costs were static, with pay award costs balanced by workforce numbers decreasing because of recruitment restrictions in place. Our total funding and spend distribution:

- Funding by type:
Welsh Government Grant-in-Aid (51% / £143m),
Welsh Government Working capital funding (1% / £2m)
Charges (18% / £51m),
Commercial and other income (15% / £43m),
Other Welsh Government grants (14% / £40m),
European and other external (1% / £2m)
- Expenditure by type:
Staff costs (43% / £131m),
Capital works expensed in year (13% / £40m),
Other expenditure (44% / £133m)

Managing our money

2024/25 was a difficult financial year, where we implemented budget and structural reductions so we could bridge a funding deficit. Our 'core' funding from Welsh Government mostly remained at similar cash levels to the previous financial year, although additional assistance was provided to fund part of the pay award and the increase in CSPS employers contributions. Also, Welsh Government continued to provide us with specific grant funding for programmes targeted at addressing the climate and nature emergency.

We maintained our investment into externally funded programmes – investing more than £2million into programmes funded from Europe and the Heritage Lottery. Our timber income saw a decrease as the economic situation impacted on demand for timber and our renewable energy income levels also reduced from a high the year before. Welsh Government provided cover to us for the decrease in timber income. Charge income levels have increased moderately following the introduction of revised permitting and application fees in order to recover our costs in line with Managing Welsh Public Money.

The budget was approved by the Board and scrutinised throughout the financial year by the Executive Team, and the Board.

Future look

We have published our new Corporate Plan to 2030 and Business Plan for 2025/26 which sets out our priorities for the financial year(s) ahead. We have set our plans based on

expected resources, including Grant in Aid, charges and commercial income allocations and estimates. Following the UK budget announcement in the Autumn, Welsh Government awarded us with an increase to our Grant in Aid for 2025/26. This has allowed us to invest funding into specific joint priorities. We have received approval for our charges for 2025/26. Our commercial income can be less predictable as it's very sensitive to exchange rate changes and Welsh Government have continued with a threshold to protect NRW from reductions in timber income.

We will be working closely with Welsh Government to shape the resources that are available to us from 2026/27 onwards in the new term of government, as we continue to prioritise budgets to deliver the ambitions set out in the Corporate Plan.

Non-current assets

The value of our non-current assets was £2,481million at 31 March 2025, an 8% (£211million) decrease compared to last financial year. The most significant component is the value of the forest estate and biological assets which accounts for £1,984million an 8% (£162m) decrease due to a combination of downward valuations of crops and the underlying land valuation.

Payment of trade and other payables

We have a commitment to pay 95% of suppliers within 30 days and we aim to exceed this target wherever possible. Performance for this year was 98%.

Debtor performance

Our continued management of commercial debt has seen a slight increase in commercial debt, with the average number of days for customers to pay at is 0.75 days for 2024/25 compared to 2023/24 which was 0.08, this is within our target of 2 days.

Our management of regulatory debt has seen the level of debt increasing in 2024/25 to 7.89%, which was slightly above our target of 7.5%, 2023/24 was 6.59% with a target of 7%.

NRW's expected credit loss is £0.1million as at 31 March 2025.

Going Concern

The Statement of Financial Position at 31 March 2025 shows positive taxpayers' equity of £2,407million. The future financing of our liabilities is to be met by the Welsh Government Grant in Aid and the application of future income. We have an approved Corporate Plan and Business Plan for 2025/26. Therefore, it is appropriate to adopt a going concern basis to prepare the Financial Statements.

Pensions

The pension asset/liability is disclosed in the Financial Statements based on International Accounting Standard 19. The surplus for the Environment Agency Pension Fund has been capped at £nil (2023/24 - £nil) in 2024/25.

This is different from the basis used for funding calculations. The Environment Agency Pension Fund has estimated that it had enough assets to meet 171% of its expected future liabilities at 31 March 2025.

Auditors

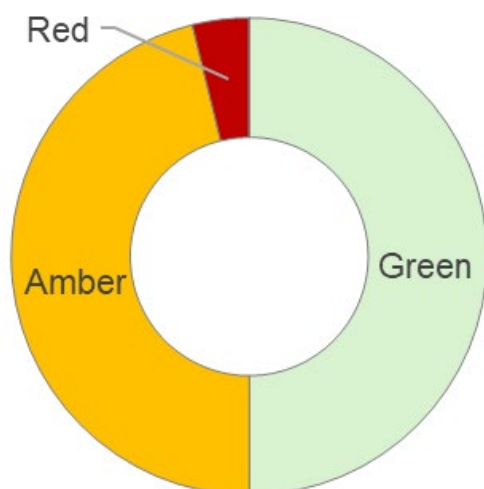
Our accounts are audited by the Auditor General for Wales. The audit fee for 2024/25 is anticipated to be £217k.

Other reports

As an organisation, we regularly publish a number of reports, many of which can be accessed [here](#) including: this Annual report and accounts, an Equality, diversity and inclusion annual report, and an environmental report. Strategies and plans for Wales are available [here](#), including our [Corporate Plan](#), our [Commercial strategy](#) and [Area Statements](#) (which outline priorities, risks and opportunities for areas of Wales). Published research and evidence reports can be accessed [here](#).

Performance summary

All commitments in our 2024/25 Business Plan relate to our Well-being Objectives, as set out in our [Corporate Plan to 2030](#).



By the end of March 2025, of the **26 commitments** in our 2024/25 Business Plan:

- **13** were **Green** (i.e. achieved)
- **12** were **Amber** (i.e. partially achieved)
- **1** was **Red** (i.e. missed)

More detailed assessment of our performance under each well-being objective and the priorities defined in the term of Government Remit Letter is set out in the [Performance Analysis section](#).

The commitments included in our annual business plan are only part of what we do. A wide range of regulatory, statutory advice, evidence activities underpin our delivery. For example, in 2024/25 we:

- **issued¹ 1,692 species licences** so the needs of species are taken into account and protected from activities that could impact them;
- **responded to 7,513 [planning application consultations](#)** to ensure our position on development proposals is clearly stated, including any conditions expected;
- **generated £31m in timber income** supporting the ongoing [sustainable management of the woodland estate](#);
- **maintained over 3,000 flood risk management assets** in managing the risk of future flooding;
- **[48,271 properties registered to receive flood warnings](#)**; providing advanced warning of expected, or possible, flooding;
- **issued 3,106 permits²**; stating requirements on operators to manage their activities;
- **completed 2,695 visits** to check compliance with permit conditions;
- **secured 79 prosecutions for environmental offences** in 2024 as part of our approach to fulfilling our regulatory responsibilities;
- **[responded to 10,558 reports of environmental incidents](#)** with 135 environmental incidents causing serious (major or significant) impact.

Alignment and scrutiny

This is the first year of reporting that is fully aligned to the Corporate Plan to 2030. This means comparison with performance in [previous Annual Reports and Accounts](#) can't be included in this year's report. It will be included in the 2025-26 Annual report and accounts. For historic performance reports, please see past [Annual Reports and Accounts](#).

¹ (or amended)

² including for: industry, radioactive substances, waste, water resources, water discharges, marine, species and felling

Performance analysis

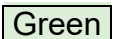
Overview

The Case for Change and the associated recruitment controls have resulted in a number of vacancies across all areas of the organisation during 2024-25, which has, inevitably, had an impact on delivery. As a consequence, progress on some business plan commitments and key deliverables has been slower than anticipated at the start of the year. This is reflected in year-end performance, with a higher number of reds and ambers reported across each Well-being Objective.

In many instances, the pathway to achieving green is dependent on the lifting of recruitment controls. For this reason, these commitments and deliverables will be retained within the 2025/26 Annual Business Plan to ensure continued focus and accountability.

We have also included a forward look to some commitments likely to be included for each well-being objective in the 2025-26 Business Plan. We conclude the section with a broader summary, including some of our other work that contributes to each Well-being objective, including work with partners.

We have used a simple key to reflect progress on our commitments, with:

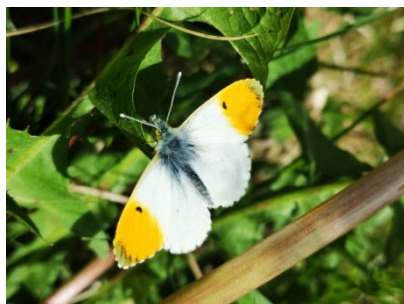
-  (Achieved);
-  (Partially achieved);
-  (Missed).

For each commitment, there are up to three key deliverables, i.e. those seen as most important to making progress on each commitment during the year. We have reflected progress on these deliverables for each commitment too, using an icon:

-  (Achieved);
-  (Partially achieved);
-  (Missed).

More detail on commitment and deliverables is available in [Annex: Final position on commitments and key deliverables for 2024/25](#).

Well-being objective 1: Nature is recovering



Summary of Green, Amber, or Red commitment positions for this Well-being objective:

- 6 were **Green** (Achieved)
- 1 was **Amber** (Partially achieved)
- 1 was **Red** (Missed)

At the end of 2024/25, the status of our commitments was:

Commitment	Deliverables
1 - Evaluate the NRW Nature Networks Programme to inform future investment for protected sites: Amber	■ ■
2 - Synthesise evidence to identify priorities for notification and renotification of sites contributing to the 30:30 target: Red	■ ■ ■
3 - Develop an understanding of the intervention impact of 11 of the place-based Natur am Byth partnership programme projects to refine conservation delivery: Green	★ ★ ★
4 - Consolidate understanding of the condition of features of Welsh only marine SACs and SPAs to inform prioritisation: Green	★ ◆
5 - Integrate nature recovery evidence into the proposed new National Park process and management of existing AONBs and National Parks to improve decision making for nature: Green	★ ★ ★
6 - Provide evidence and expertise to inform the development of the Welsh Government Sustainable Farming Scheme and identify with Welsh Government what support services may be required: Green	★ ★ ★
7 - Implementing No Mow May, piloting new approaches to working with nature on the land and assets that we manage, identifying prioritised recommendations: Green	★
26 - Develop an understanding of user needs, experience, and opportunities for common messaging and mainstreaming evidence into decision-making to inform the Interim Report for SoNaRR 2025: Green	★ ★ ★

For the 2025/26 Business Plan we anticipate including commitments related to:

- Publishing SoNaRR 2025;
- Developing the delivery model for NRW to support the Sustainable Farming Scheme;
- Making recommendations to Government on the potential designation of a new National Park, including how this can better deliver for nature recovery.

2024-25 has been a landmark year for nature's recovery in Wales, with Welsh Government setting the strategic direction for the next decade and beyond through two major initiatives:

- [the White Paper defining the approach to environmental principles, governance, and biodiversity targets](#), and
- the [Sustainable Farming Scheme](#), which sets out how land managers will be rewarded for nature positive land management.

Our colleagues have played a key role in shaping both initiatives - providing evidence, analysis and advice and responding formally to each consultation.

Our annual commitments reflect this contribution, alongside the delivery of the Nature Network Programme and the process for potential designation of a new national park. Together these are laying the foundations to meet the [2030 global biodiversity targets on land, sea and in freshwaters](#).

We also played a key role in the [Welsh Government's Biodiversity Deep Dive](#), with our Deputy Chair and Director of Evidence Policy and Permitting leading dedicated working groups. Colleagues across the organisation provided vital evidence, and insight to shape the Wales approach.

Sites of Special Scientific Interest (SSSIs) remain a cornerstone of achieving the 30 x 30 target within Wales. We use our evidence to notify SSSIs and, once notified, provide advice, regulation and land management agreements to ensure these sites are protected and well managed.

During the year two, SSSIs were confirmed - [Coedwig Dyfi](#) an exemplary site of temperate rainforest and ancient woodland; and [Bodwigiad a Nant y Deri](#) a site with rare species-rich neutral grassland, marshy grassland, and lowland wet heath in the Heads of the Valley area. We also notified two SSSIs – a new site called [Gweunydd Nant y Twyn](#) in Caerphilly which is important for bryophytes (mosses and liverworts); as well as a proposal to extend the species and habitat-rich [Mynyddoedd Llangynidr a Llangatwg, Cefn yr Ystrad a Chomin Merthyr](#) site which spans Powys and Blaenau Gwent.

Looking ahead to 2025/26, our biodiversity work will be strengthened through an additional £0.6 million in funding from Welsh Government.

Well-being objective 2: Communities are resilient to climate change



Summary of Green, Amber, or Red commitment positions for this Well-being objective:

- 3 were Green (Achieved)
- 6 were Amber (Partially achieved)
- 0 (none) were Red (Missed)

At the end of 2024/25, the status of our commitments was:

Commitment	Deliverables
8 - Invest in capacity building to enable delivery in 2024-25 and future expansion of the National Peatland Action Programme: Amber	◆ ◆ ◆
9 - Strengthen capacity and evidence informing spatial prioritisation to enable effective future restoration within marine and coastal habitats: Amber	◆ ◆
10 - Deliver capital projects and sustain levels of protection for properties to reduce flood risk: Green	★ ★
11 - Improve the Flood Warning Service and Telemetry System to deliver efficiencies and maintain continuity of service to customers: Amber	◆ ◆
12 - Review the prioritisation approach for flood asset maintenance and management to ensure our investment is risk based: Amber	★ ◆
13 - Develop understanding, using insight to enhance pre-application processes related to statutory planning and permitting applications to facilitate industrial decarbonisation and reduction of landfill greenhouse gas emissions: Green	★ ★ ★
14 - Enhance evidence, guidance, and pre-application advice to improve the quality of submissions for planning permissions and permit/licence applications: Amber	◆ ◆ ◆
15 - Prioritise actions with the greatest cost benefit on carbon dioxide equivalent (CO ₂ e)/ greenhouse gases (GHGs) to deliver our annual prioritisation within the Net Zero Plan: Amber	★ ★ ◆
16 - Embed the use of carbon reduction tools and plans into high value contracts and frameworks to improve the quality of submission: Green	★ ★ ★

For the 2025/26 Business Plan we anticipate including commitments related to:

- Delivering prioritised capital projects to reduce flood risk (and/or sustain levels of protection for properties);
- Enhancing the new Flood Warning Service;
- Implementing changes to processes relating to low carbon, carbon capture and delivery of Net Zero Plan priority actions.

Welsh Government has set the strategic direction for climate action in [Net Zero Wales](#), where all parts of the public, private and third sector are expected to play their part to drive action. Through NetZero Industry Wales and the industry clusters, there is increasing focus on decarbonisation of industrial processes and development of alternative low-carbon energy sources. Onshore and offshore renewable energy developers are continuing to actively explore and develop new schemes. Our annual commitments for 2024-25 reflect our contribution to these crucial pieces of work

On the Welsh Government Woodland Estate our commercial team has continued to work with [Trydan Gwyrdd Cymru](#) to develop renewable energy projects on the Welsh Government Woodland Estate, with five projects approved by the NRW Board now awaiting Welsh Government approval. We have been working with the Trydan team to agree the terms of the Option and lease for the Trydan projects. We continue to deliver the wider energy programme with one wind farm in construction (Pant y Wal) and two other projects currently progressing through the planning system (Alwen and Y Bryn).

With additional investment from Welsh Government the [National Peatland Programme](#) will be scaled up to achieve the ambition of 1800ha/year being restored by 2030/31. The annual commitment reflects some of the work that we have done through the year to progress towards this target. In addition we have progressed restoration work at two sites on the Welsh Government Woodland Estate (Cefn Croes and Hafod Elwy) and led the completion of the [New LIFE for Raised Bogs](#) in June 2024 and continued to progress the [EU LIFE Quaking Bogs project](#).

A major milestone in the year was delivery of the new flood warning information service in September 2024, to ensure the provision of flood warnings to 69,952 unique registered customer accounts and 48,271 unique registered properties in Wales.

Operational Teams have continued to work with partners and responded to two significant storms - [Storm Bert](#) in November 2024 and [Storm Darragh](#) in December 2024. The [exceptionally high winds in Storm Darragh impacted our woodland estate](#) and National Nature Reserves (NNRs), with significant windblow and damage to assets. Recovery from the impact of Darragh will continue into 2025-26, as we consider how to accelerate changes to strengthen the resilience of the forests to extreme weather events.

Our [net zero plan](#) to 2030 was signed off by the NRW Board and published in January 2025.

Looking ahead to 2025/26, our work to support decarbonisation by industry and the expansion of renewable energy has been strengthened through an additional £5 million in funding from Welsh Government. This will be targeted to improve our statutory advice and permitting processes in line with the requirements of the new [Infrastructure Act](#).

Well-being objective 3: Pollution is minimised



Summary of Green, Amber, or Red commitment positions for this Well-being objective:

- 4 were **Green** (Achieved)
- 5 were **Amber** (Partially achieved)
- 0 (none) were **Red** (Missed)

At the end of 2024/25, the status of our commitments was:

Commitment	Deliverables
17 - Undertake farm inspections under Agriculture Pollution Regulations, in line with the enforcement sanctions policy to reduce pollution: Amber	♦ ♦
18 - Undertake compliance visits at prioritised regulated sites to reduce pollution: Green	★ ★
19 - Provide support and advice on the new Workplace Recycling Regulations, targeting key workplace sectors and waste service providers to increase stakeholder awareness and understanding: Green	★ ★ ★
20 - Provide challenge and advice to water companies to ensure their investment programmes reduce the risks and impacts of their operations on the environment: Amber	★ ★ ■
21 - Set the ambition for water quality improvements at a catchment scale to build collaboration and deliver prioritised action: Amber	★ ★ ♦
22 - Respond to prioritised pollution incidents to minimise environmental harm: Green	★ ★
23 - Enhance our understanding of the drivers of pollution incidents across Wales to inform the integration of preventative actions into incident response: Amber	★ ♦ ♦
24 - Undertake investigation and enforcement action to minimise environmental harm: Green	★ ★
25 - Strengthen ways of working with Local Authorities and third sector partners to maximise collective action on fly-tipping: Amber	■ ★

For the 2025/26 Business Plan we anticipate including commitments related to:

- Enhancing compliance visits;
- Improving processes in relation to the Workplace Recycling Regulations based on feedback received;
- Implementing the new incident management strategy, improving related services.

2024-25 has seen continued delivery of actions from [Welsh Government's Beyond Recycling strategy](#), including implementation of the new workplace recycling legislation. The [Periodic Price Review 24](#) has been a significant focus as we provide environmental evidence and advice to Welsh Ministers and to water companies on the environmental standards and priority assets requiring investment. The Environment Programme determines the scale of investment to 2030 by Dŵr Cymru Welsh Water and Hafren Dyfrdwy to improve their assets and thereby minimise environmental pollution. A record level of investment in Wales's water environment was announced by Ofwat in December, including for example the replacement of the Cardigan Sewage Treatment Works.

We've continued to challenge the environmental performance of Dŵr Cymru Welsh Water, reporting in our annual water company performance report that the company remains a two star performer in 2024, with a spike in significant pollution incidents and decrease in incident self-reporting. Enforcement action was taken against the company in October, related to a combined total of 800 descriptive permit non-compliances relating to operator self-monitoring. .

Through the early part of 2024 we continued to receive significant complaints from residents of Haverfordwest about offensive odours from Withyhedge Landfill site. In response to our enforcement action, in mid-May the operating company stopped all waste disposal activities, allowing all remaining waste onsite to be capped and for gas collection infrastructure to be installed. In addition, between June and September 2024 the operator made significant improvements to the landfill gas management system. Since August 2024, we saw a substantial decline in the number of odour reports.

In April, a major incident was declared following a series of explosions and a fire at Synthite Ltd, an upper-tier COMAH site in Mold, Flintshire. Approximately 200 tonnes of formaldehyde were involved, resulting in a substantial smoke plume and a release of pollutants into the adjacent River Alyn. We led a multi-agency response; our teams were challenged by the scale of environmental monitoring, reporting and engagement required with multiple organisations and drew in support from other NRW teams outside of the North East. Throughout the incident there was close joint working between the emergency services, local authorities, Public Health Wales, the Animal and Plant Health Agency and ourselves. The incident underlined the critical importance of environmental monitoring in informing public health decisions to keep our communities safe from harm.

Alongside these traditional regulatory approaches, we have continued to deliver prioritised action at the catchment scale exploring opportunities for innovation and collaboration with partners, through for example the [Teifi Demonstrator Project](#).

Looking ahead to 2025/26, our work to improve water quality and enforcement has been strengthened through an additional £2.7m in funding from Welsh Government. We are setting up a new, permanent Water Compliance Unit and piloting the use of different techniques and technologies, such as drones and body worn videos, for use by enforcement staff.

Ceri Davies

Interim Chief Executive and Accounting Officer

28 October 2025

Accountability Report

Our Accountability Report outlines key features of how we manage our organisation. It has three sections.

Over the following pages our Corporate Governance report explains who our Board and senior management team are, how they work and the governance arrangements in place to ensure effective management and oversight of our resources to achieve our objectives.

Our Remuneration and Staff Report describes how we address Board and senior management pay as well as providing an overview of the make-up of our staff numbers.

Our Parliamentary Accountability and Audit Report brings together additional requirements requested to demonstrate our accountability to the UK and Welsh Government's, regularity of expenditure and the opinion from our external auditor.

Corporate Governance Report

Directors' Report

The Chief Executive is supported by a team of Executive Directors who together form our Executive Team (ET). There have been several changes to the Executive Team during 2024/25.

Name	Post Holder	Length of ET Service
Chief Executive	Clare Pillman	26 February 2018 – 16 April 2025
Acting Chief Executive	Ceri Davies	15 October 2024 – 31 January 2026
Executive Director of Evidence, Policy and Permitting	Ceri Davies	1 April 2013 – 14 October 2024
Acting Executive Director of Evidence, Policy and Permitting	Dominic Driver	16 November 2024 – 31 January 2026
Executive Director of Operations	Gareth O'Shea	27 April 2015 – present
Executive Director of Corporate Strategy and Development	Prys Davies	1 April 2019 – present
Executive Director of Finance & Corporate Services	Rachael Cunningham	7 September 2020 – present
Executive Director of Communications, Customer and Commercial	Sarah Jennings	7 September 2020 – present

Our Executive Team Register of Interests as at March 2024 is included here.

Name	Position	Interest	Individual	Role
Clare Pillman	Chief Executive	Land / Property	Personal	Resident in an area that may be considered for the proposed new National Park
Clare Pillman	Chief Executive	Executive or Non-Executive Board, Committee or	Personal	Member of Welsh National Opera Board

Name	Position	Interest	Individual	Role
		Trust Membership		
Ceri Davies	Acting Chief Executive	Other	Personal	Member of the Chartered Institute of Waste Management
Ceri Davies	Acting Chief Executive	Executive or Non-Executive Board, Committee or Trust Membership	Personal	Trustee of Keep Wales Tidy
Prys Davies	Executive Director of Corporate Strategy and Development	No interests to declare		
Gareth O'Shea	Executive Director of Operations	No interests to declare		
Rachael Cunningham	Executive Director of Finance and Corporate Services	No interests to declare		
Sarah Jennings	Executive Director of Communications, Customer and Commercial	No interests to declare		
Dominic Driver	Acting Executive Director of Evidence, Policy and Permitting	Executive or Non-Executive Board, Committee or Trust Membership	Personal	Committee member and Chair of Wotton Community Land Trust Ltd
Dominic Driver	Acting Executive Director of Evidence, Policy and Permitting	Executive or Non-Executive Board, Committee or Trust Membership	Personal	Trustee and Chair of Wotton and District Recreational Trust

** Ceri Davies' title was amended to Interim Chief Executive and Accounting Officer in April 2025 following Clare Pillman's retirement.*

The Chair's declaration of interests is reviewed by the Chair of the Audit and Risk Assurance Committee and the Head of Governance & Board Secretary.

The Register of Interests for our Board members is available on our website under [Register of Interests](#).

Ceri Davies

Interim Chief Executive and Accounting Officer

28 October 2025

Statement of Accounting Officer's Responsibilities

Paragraph 23 (1) of the Schedule to the Natural Resources Body for Wales (Establishment) Order 2012 requires us to produce, for each financial year, a Statement of Accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the organisation and of the income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and to:

- Observe the Accounts Direction issued by Welsh Government including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis
- Confirm that there is no relevant audit information of which our auditors were unaware, and take all steps to make themselves aware of any relevant audit information and to establish that our auditors are aware of that information
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for it and the judgements required for determining that it is fair, balanced, and understandable.

The Additional Accounting Officer for the Welsh Government has designated the Chief Executive of NRW as its Accounting Officer. The Chief Executive's responsibilities as Accounting Officer are the propriety and regularity of the public finances for which she is answerable; the keeping of proper accounts; prudent and economical administration; avoidance of waste and extravagance; and the efficient and effective use of all the resources as set out in the Memorandum for the Accounting Officer for NRW.

Governance Statement

This Statement sets out the governance structures, internal control and assurance frameworks that have operated within the organisation during the financial year 2024/25 and accords with HM Treasury and Managing Welsh Public Money guidance.

As the designated Accounting Officer for the organisation, my role is also to safeguard public funds and organisational assets by putting in place arrangements for the governance of our affairs and effective exercise of our functions. I can confirm that the information in our Annual Report and Accounts is a true and fair account of how the organisation has delivered its functions this year. I also confirm that there is no outstanding information that has been brought to my attention or that I am aware of that has not been brought to the attention of Audit Wales.

Our governance structure

Our [organisational structure](#) shows how we are set up to work and deliver our objectives.

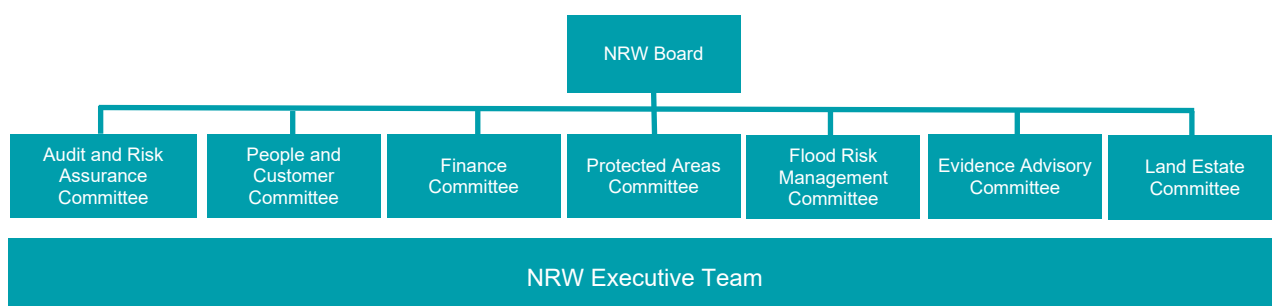
Our Board members are appointed by Welsh Ministers in accordance with the Code of Practice for Ministerial Appointments in Public Bodies, and as such our Chair is accountable to our sponsor minister in the Welsh Government.

We currently have 10 remunerated Board members, led by our Chair, Sir David Henshaw, with 8 non-executive members and me as an executive member of the Board. There is a non-executive member vacancy within the Board structure. Professor Steve Ormerod is the appointed Deputy Chair of the organisation and Helen Pittaway is the Senior Independent Director (SID). The role of SID was introduced to support the Chair in his role; to act as an intermediary for other non-executive directors when necessary; to lead the non-executive directors in the oversight of the Chair and to ensure there is a clear division of responsibility between the Chair and Chief Executive. Welsh Government has appointed 3 new Non-Executive Directors, and they are scheduled to take up their posts from 1 April 2025.

To carry out our duties, we meet as a full Board with additional scrutiny being undertaken by seven committees. Our Executive Team (ET) provides strategic and operational updates to our Board and committees for scrutiny and decision as required.

Each committee is chaired by a non-executive Board member and, with the exception of the Evidence Advisory Committee (EAC), each includes at least three other non-executive Board members. Due to the non-executive member vacancy, the People and Customer Committee (PCC) had only two other non-executive Board members until September. Other non-executive Board members have an open invitation to attend committee meetings in a non-voting capacity. We do not have a Nominations Committee, as our non-executive Board members are appointed by Welsh Ministers. The following sections outline the work focus areas and attendance of our Board and committees.

Non-Executive members	Term	Start date	Current end date
Sir David Henshaw (Chair)	2	1 November 2018	31 October 2025
Professor Steve Ormerod	2	1 November 2018	31 March 2026
Dr Rosie Plummer	2	1 November 2018	31 October 2024
Geraint Davies	2	1 January 2019	31 October 2024
Professor Calvin Jones	2	1 September 2021	31 October 2028
Mark McKenna	2	1 September 2021	31 October 2028
Dr Peter Fox	1	16 February 2023	31 October 2026
Helen Pittaway	1	16 February 2023	31 October 2026
Kathleen Palmer	1	16 February 2023	31 May 2025
Professor Rhys Jones	1	16 February 2023	31 October 2027
Lesley Jones	1	1 June 2023	31 October 2026



Board Meetings

We held four two-day meetings, 2 one day meetings, one development day, 3 additional meetings and two extraordinary meetings across Wales this year. Four main meetings were held face to face, two main meetings were held virtually and all the additional or extraordinary meetings were held virtually. Members of the public were able to virtually attend and observe our six meetings held in public. Standing items on our agenda include: in-year finance; performance reporting; IR35; Case for Change and strategic and operational updates from the Chair, Chief Executive and committees.

We publish a wide range of information regarding our work on our website, including papers to be considered by the Board in advance of those meetings held in public. Board papers are prepared using the latest evidence available and receive internal scrutiny and approval prior to Board meetings.

All future public meeting dates and previous agendas are available on our website, as well as the papers and minutes from our public sessions.

Board member attendance 2024/25

Name	Meeting Attendance
Sir David Henshaw (Chair)	10/11
Professor Steve Ormerod	9/11
Geraint Davies	8/11
Dr Peter Fox	8/11
Professor Calvin Jones	10/11
Lesley Jones	11/11
Professor Rhys Jones	10/11
Mark McKenna	10/11
Kathleen Palmer	7/11
Helen Pittaway	10/11
Dr Rosie Plummer	11/11
Clare Pilman (Chief Executive)	4/11
Ceri Davies (Acting Chief Executive)	6/6

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee's (ARAC) principal role is to advise the Board and support the Accounting Officer in monitoring, scrutinising and challenging the arrangements in place for audit, governance, internal controls and risk management. The Chief Executive attends every meeting as the organisation's Accounting Officer, along with our Executive Director of Finance and Corporate Services. Members of ET attend the committee to discuss any limited assurance internal audit reports and work areas they are responsible for delivering.

This year ARAC addressed a range of issues including:

- Strategic Risk and Assurance Register review and development
- Governance Action Plan
- Improvements to our risk management approach
- Internal Audit Plan 2024/25
- Internal Audit Draft Strategy 2025-30
- Annual Report and Accounts 2023/24 and preparation for 2024/25

Board member ARAC attendance 2024/25

Name	Meeting Attendance
Kathleen Palmer (Chair)	5/5
Lesley Jones	5/5
Professor Rhys Jones	5/5
Dr Rosie Plummer	5/5

People and Customer Committee

The People and Customer Committee (PCC) considers matters relating to people management, reward, and organisational change. This includes oversight of the pay and conditions of employment of the most senior staff, an overall pay strategy for all staff employed by us, pension scheme provision, organisational design, wellbeing, health and safety, customer care, equality and diversity and development of the Welsh language scheme. The Chief Executive attends every meeting.

The Committee addressed a range of issues during the year including:

- Wellbeing, Health and Safety Reports and Serious Incident Reviews
- Visitor safety
- Stakeholder Programme
- People Transformation Programme
- Equality, Diversity, and Inclusion
- People Strategy
- Case for Change

Board member PCC attendance 2024/25

Name	Meeting Attendance
Mark McKenna (Chair)	4/4
Professor Rhys Jones	4/4
Helen Pittaway	4/4
Lesley Jones	3/3

Finance Committee

The Finance Committee provides advice, oversight, and scrutiny on strategy, management and performance in relation to finance, business planning and performance, charge schemes, and commercial matters. In carrying out its role, the Committee focuses on strategic direction and development, however it also has a role in scrutinising performance and delivery.

This year the Committee considered the following:

- Monitoring in-year financial performance
- Financial and Business Planning for 2025/26
- Annual Review of Charges
- Programme Management Office and Contract Management Support Service
- NRW2030
- IR35
- Case for Change
- Annual Report and Accounts 2023-24 Performance Element

Board member Finance Committee attendance 2024/25

Name	Meeting Attendance
Sir David Henshaw	4/9
Helen Pittaway (Chair)	9/9
Professor Calvin Jones	9/9
Dr Peter Fox	9/9

Protected Areas Committee (PrAC)

The Board has delegated its statutory responsibilities in relation to legislation concerned with nature conservation and protected landscapes to the Protected Areas Committee (PrAC). PrAC members also support the Executive and Board by providing advice on wider protected area issues and strategic casework, including landscape management, Designated Landscapes, and NNRs.

The Committee reviewed areas including:

- Protected Sites Programme
- Sustainable Farming Scheme
- Proposed new National Park
- All Wales Mapping Project
- Conservation Advice Packages for Marine Special area of Conservations (SACs) and Special Protection Areas (SPAs)
- Case for Change impacts
- Teifi Demonstrator Project

Board member PrAC attendance 2024/25

Name	Meeting Attendance
Dr Rosie Plummer (Chair)	4/4
Geraint Davies	3/4
Lesley Jones	3/4
Professor Steve Ormerod	4/4
Dr Peter Fox	1/1

Flood Risk Management Committee

The Committee is advisory and reports to our Board.

Its primary responsibilities are to scrutinise Flood Risk Management (FRM) investment programmes for current and future years, and to consider key issues which may affect the delivery of FRM related work in Wales.

The Committee usually comprises four non-executive members of the Board along with the Executive Director of Operations and the Head of Flood Incident Risk Management. One meeting was held jointly with Land Estate Committee (LEC).

FRMC reviewed areas including:

- Prioritisation of flood risk management activities
- Governance of the flood risk management capital programme
- Oversight of the flood recovery and review implementation programme
- Oversight of work to improve our regulation of reservoir safety
- Asset Management
- Internal Drainage Districts

Board member FRMC attendance 2024/25

Name	Meeting Attendance
Dr Peter Fox (Chair)	5/5
Geraint Davies	5/5
Professor Calvin Jones	4/5
Lesley Jones	2/2
Dr Rosie Plummer	1/3
Professor Steve Ormerod	3/3

Evidence Advisory Committee

The Evidence Advisory Committee (EAC) is advisory and provides independent advice and challenge in relation to our evidence function. The Committee also helps to strengthen understanding in the wider research community, and with evidence users in government, of evidence processes and priorities.

The Committee comprises two non-executive members of the Board and eleven independent external members with evidence expertise and an understanding of the Welsh context, to offer a diverse range of appropriate expertise.

EAC reviewed areas including:

- Our State of Natural Resources Report (SoNaRR)
- Biodiversity Deep Dive
- Teifi Demonstrator
- All Map Wales
- Evidence for the National Park
- Atmospheric Pollutants and Ammonia Emissions
- Natural Capital Approach
- NRW's Marine Evidence Programme

Board member EAC attendance 2024/25

Name	Meeting Attendance
Professor Steve Ormerod	2/2
Professor Rhys Jones	2/2

Land Estate Committee

The Land Estate Committee (LEC) provides the Board with advice and assurance in relation to the sustainable management of our land estate, including investment in the estate, its management, and proposals for changes in its use, and makes specific decisions and undertakes specific functions as delegated to it by the Board. One meeting was held as a joint meeting with FRMC.

LEC reviewed areas including:

- Renewable Energy on the Welsh Government Woodland Estate (WGWE)
- Recreation and tourism on the WGWE
- Timber production and market sales
- Wild pig control
- Motorsports on the WGWE
- Peatland
- Visitor Centres
- Flood and Land Stewardship working together
- Internal Drainage Districts and future options

Board member LEC attendance 2024/25

Name	Meeting Attendance
Professor Calvin Jones (Chair)	3/3
Geraint Davies	3/3
Dr Peter Fox	3/3
Mark McKenna	0/0

We also have a number of stakeholder fora and, while Fora are not a part of our formal governance structure, non-executive Board members Chair, or attend at, these meetings.

Board Effectiveness review

During the year, we conducted an internal effectiveness review of our Board. The format of the review was undertaken in line with the Cabinet Office guidance set out in the 2022 version of Board effectiveness reviews: principles and resources for arm's-length bodies and sponsoring departments. There is a clear programme of follow up actions and a plan to implement them that has subsequently been developed. Details regarding the process and outcomes have been shared, as required with NRW's sponsor department in Welsh Government.

Board Member reviews

The Chair carries out annual appraisals with each Non-Executive Director and the Chief Executive, and the review process includes a short self-assessment and priorities for the next year. The Chief Executive undertakes mid- and end-year appraisals with the five Executive Directors.

Our Executive

Day-to-day management of our organisation is delivered through the ET, comprising myself as Chief Executive and five Executive Directors who report to me. ET meet twice each month to consider core corporate business, for example finance updates, performance information, wellbeing health and safety, review and scrutinise the strategic risk register, etc. They also scrutinise and consider decisions concerning strategy, policy, and operational issues.





Below ET, our Leadership Team plays a leading role in managing the business on a day-to-day basis. Its members are all the Heads of departments that report to our ET including those in our corporate functions (such as Finance, HR, and Communications).

Our structure emphasises place-focussed delivery: seven Heads of Place within the single Operations Directorate each oversee delivery of all our functions in a specific region of Wales. We then have nominated Heads of Service (who are each also a Head of Place) who take a lead for overseeing delivery of a particular function throughout Wales. The Heads of Service work closely with our policy leads - called Heads of Business – who oversee the strategic direction of our work across Wales.

To ensure a join up between strategic thinking and operational delivery, we have a series of Business Groups which set the policy requirements and plan the operational nature of our work across the place-focussed structure. These are each led by the Head of Business / Head of Service.

As a Category One responder under the Civil Contingencies Act 2004, we have continued to undertake our legal responsibilities to work with the emergency services, local authorities and other partners to plan for, respond to, and aid recovery from incidents affecting people and the environment across Wales 24 hours a day, 365 days a year.

From flooding, pollution, wildfires, or incidents on the land we manage and at our regulated sites, we have direct responsibilities for environmental incidents in our remit, as well as working with or supporting our multiagency partners with other wider incidents as required.

We now have many of our incident response rotas at resilient staffing levels and are continuing to train and develop further staff to be available as required to support our rotas or general incident response work now and in the future.

We have also reviewed how we respond to pollution incidents to ensure we take a risk-based approach that delivers the best possible outcome for our environment. We will ensure that we use our resources in the most effective way to prioritise the incidents causing most harm, allowing more time to carry out our regulatory work and preventative work, all of which will support our wellbeing objective of minimising pollution.

Ministerial Directions

We have received one Ministerial Direction this year. In November 2024, we issued a derogation notice to Welsh Ministers in respect of a marine license application for the proposed expansion of the Port of Mostyn. In response, the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs directed us not to approve the plan set out in the derogation notice until such time that they wrote again to confirm whether we could proceed to approve the plan. Following a review of our documentation by the Minister's officials, the Minister wrote to us on 28 January 2025 to confirm that they were content for us to proceed to approve the plan.

Our Internal Control Framework

Our internal control framework consists of policies, procedures, measures, and accreditations we have in place to protect our resources while we deliver our objectives.

Our key financial controls within automated systems and our schemes of delegation to ensure appropriate segregation of duties remain in place and current. The Managing our Money, Delegated Authority Schedule, and our Statutory and Legal Scheme documents are reviewed regularly.

Risk Management

A robust risk management framework is an essential component of our overall corporate governance framework. It assists us in managing the organisation to ensure we give ourselves the best chance to deliver on our wellbeing objectives, protecting our resources and our reputation.

Risk Management Framework



Our risk management process is structured to include: risk identification and assessment to determine and prioritise how the risks should be managed; the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level; the design and operation of integrated, insightful and informative risk monitoring; and timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

The framework draws on a number of best practice standards, namely the Orange Book, and sets out the framework to support the management of risks and opportunities across the organisation. The principles of the framework underpin the way in which we need to undertake risk management effectively to ensure that it is an essential part of governance and leadership, it feeds effectively into and informs decision making, it enables insightful and informative risk monitoring and provides accurate risk reporting.

Our risk strategy is set and approved by the Board. Our risk management policy which includes a RACI (Responsible, Accountable, Consulted, Informed) and an escalation process is set and approved by our Executive Team.

Risk Appetite

We are a large organisation, with many diverse and complex functions and roles and therefore, our willingness to accept and pursue risk will vary across the organisation. Risk appetite is an expression of the types and amounts of risk we are willing to take or accept to achieve our wellbeing objectives. Our risk appetite clarifies the options available to us, the risks that we can take and those which we need to avoid or reduce as a priority.

Our Board sets and reviews our agreed risk appetite annually. Understanding and setting a clear risk appetite level is essential to achieving an effective risk management framework.

Strategic risk management

Our strategic risk and assurance register is owned by the Executive Team with each risk being owned by an individual Director. The strategic risks are managed through regular review and are also subject to deep dives by the Executive Team as well as the relevant Board Committee.

Each strategic risk has a risk appetite level assigned to it with a more detailed individual risk appetite statement providing more instruction and direction to the risk owner to support in the effective management of the risk.

Oversight of the risk management framework and its effectiveness is undertaken by the Audit and Risk Assurance Committee (ARAC) who in turn provide assurance to the Board. The Board undertake an annual review of the strategic risks to seek assurance that the register includes the key risks are being appropriately captured and managed to support the successful delivery of the corporate plan.

Information assurance

We are committed to ensuring data and information is well governed and managed, and that we continue to achieve a balance between openness and security, making sure that staff and customers are assured of suitable levels of protection. The Senior Information Risk Owner (SIRO) continues to lead an integrated programme of work to strengthen our response to resilience against cyber and information security threats. We have once again passed our annual Cyber Essential Plus accreditation and the new standard of IASME Cyber Assurance Level 2 which are approved by the National Cyber Security Centre and independently audited by a qualified third-party specialist. We will continue to deliver a cyber security programme of work based on our cyber strategy. This includes initiatives for improving staff awareness, including cyber security online training. We also undertaking quarterly tabletop exercises to test our procedures and response to an Information Security incident.

We have mandatory bi-annual online learning courses for staff on UK General Data Protection Regulation (GDPR), Computer Security in the Workplace and Information

Security to ensure everyone is aware and up to date on how we manage the information we receive and hold. Completion rates of mandatory online learning continue to improve with these being supplemented with targeted awareness sessions. We continue to collaborate with strategic partners such as Welsh Government, Data protection Community, local resilience forum and the National Cyber Security Centre to share learning and maintain standards.

This year, as a precaution, we reported one incident to the Information Commissioners Office (ICO) whilst we investigated further. A member of our recruitment team was subject of a successful phishing attempt. Although access to password was successful, our investigation concluded that the attacker was not able to gain access to our systems or information despite numerous successive attempts, due to our protective measures. The ICO were content with our findings and measures and required no further action from NRW.

Number of cases reported to the Information Commissioner's Office (ICO)		
2024/25	2023/24	2022/23
1	1	0

Declaration of Interest

Our Conflict of Interest policy and guidance support all staff and Board members with our continuous process to declare relevant personal interests to help us manage any potential or perceived conflicts with their professional roles. A scheduled review of our Conflict of Interest policy, procedures, training, and reporting mechanisms is currently being undertaken.

Raising a Serious Concern in the Public Interest

Raising a Serious Concern in the Public Interest within NRW

We are committed to the highest standards of openness, probity, and accountability. There is an expectation that all those who work for us who have serious concerns about any aspect of our work is able to come forward and voice those concerns. We are committed to taking whatever action is necessary to address any wrongdoing which is uncovered.

Therefore, we have established measures in place to raise serious concerns about malpractice or impropriety, using the services of our internal audit team to oversee any concerns and investigations. Our framework includes access to a telephone contact number and on-line form, where concerns can be raised anonymously if preferred.

During 2024/25 there were 53 reports submitted to NRW via its "Raising a Concern" mechanisms. All of these concerns were reviewed by the Head of Internal Audit and the Head of Governance, both of whom were independent of any of the areas of concern that were raised. Only 5 reports qualifying to be considered as potential whistleblowing cases using the Public Interest Disclosure Act (PIDA) guidance. The remaining 48 reports did not meet the definition of matters for consideration under whistleblowing under PIDA and so were handled elsewhere in NRW as complaints or incident reports.

For a report to be considered under PIDA as whistleblowing it must be when a person raises a concern about past, present or imminent wrongdoing, or an attempt to cover up wrongdoing, in NRW, an external organisation or a body of people. To attract the legal protection the information disclosed must be in the public interest, broadly meaning that the issue must affect people at large in some way. Personal grievances and individual complaints that only impact the individual making the complaint are not covered by whistleblowing law and are instead handled as complaints or incident reports.

Of the 5 cases that were identified as qualifying for consideration as potential whistleblowing cases, 1 was for a matter reported to NRW as a Prescribed Person and therefore related to a matter outside of NRW in relation to another organisation. The remaining 4 cases were considered formally as potential whistleblowing cases, but none were upheld as actual whistleblowing cases or proceeded to a full formal investigation.

Number of whistleblowing cases				
	2024/25	2023/24	2022/23	2021/22
Concerns Raised	53	31	20	4
Concerns reviewed for potential Whistleblowing	5	4	10	2
Prescribed Person Whistleblowing Cases	1	2	2	1
Total assessed as qualifying NRW Whistleblowing Cases	0	0	0	1

NRW as a Prescribed Person for Raising a Serious Concern in the Public Interest

We became a 'Prescribed Person' in 2020 following an approach from Welsh Government. The Prescribed Persons Order 2014 sets out a list of 60 organisations that any member of the public may approach to report suspected or known wrongdoing (whistleblowing). The organisations and individuals on the list have usually been designated as a prescribed person because they have an authoritative or oversight relationship with their sector, often as a regulatory body. The Order is amended, by the UK Government, each year, to ensure that the list remains up to date.

There was 1 case of a Prescribed Person Whistleblowing Report received from 1 April 2024 to 31 March 2025, although it is acknowledged other concerns may have been raised outside of the formal whistleblowing process. For the case received, it was sent to another organisation for investigation as the case did not fall within the remit of NRW and was not in relation to the natural resources of Wales.

Fraud

Our Counter Fraud Strategy 2022–2026 sets out our strategic direction and continues to strengthen our ability to prevent and respond to the risks of fraud. This strategy is underpinned by our updated Counter Fraud, Bribery and Corruption Policy and Fraud, Bribery, and Corruption Response Procedure.

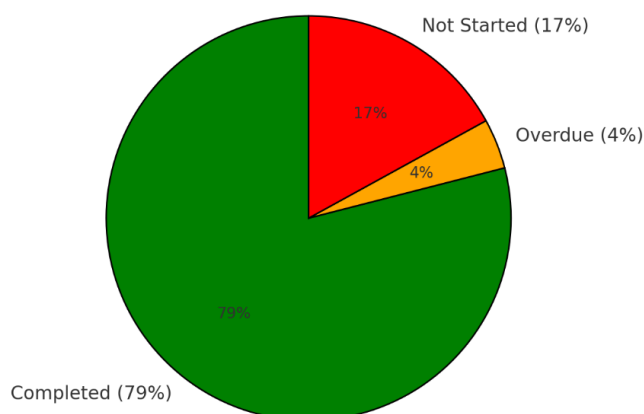
As part of our prevention and detection efforts, we continue to provide mandatory eLearning courses to help staff identify fraud risk indicators and understand their responsibilities. In 2024/25, a new streamlined Fraud, Bribery and Corruption e-learning module was launched via the Learning Management System (LMS), replacing previous separate modules. This revised training consolidates the core content into a single, concise course, with an additional short lesson on reporting concerns. Completion of this course is mandatory for all staff.

To further support awareness, the following optional modules are also now available:

- Criminal Finances Act
- Preventing Bribery in Business
- Preventing Money Laundering

Despite these developments, overall completion rates have declined compared to previous years. This is reflected in the chart below, which summarises current accreditation progress:

Accreditation Status for Fraud, Bribery and Corruption Training
(as of April 2025)



This decline appears to be part of a broader pattern in eLearning completion rates across all mandatory training. It is likely that ongoing organisational changes, including the Case for Change, have contributed to reduced engagement levels.

We are not complacent and to help address this, automated reminders are now issued to staff and their line managers, who also have access to LMS dashboards to monitor completion rates within their teams.

We continue to receive positive feedback on the Learning Management System itself, with many staff reporting that they find it accessible and easy to use. This has been noted in

other committees and meetings, and it is important to reflect this in our overall assessment of the system.

We continue to take a risk-based approach to fraud mitigation, conducting targeted risk assessments and participating in the National Fraud Initiative, a UK-wide data matching exercise to detect fraud and error.

Investigations

Last year we received 7 allegations of fraud, 5 handled as per our fraud investigations procedures and 2 handled by our HR procedures. All fraud cases are reported to the Audit and Risk Assurance Committee. All investigations have been managed by an Accredited Counter Fraud Specialist or similarly qualified external investigators. The final report on each case is referred to independent senior staff.

Number of allegations reported			
2024-25	2023-24	2022-23	2021-22
7	9	8*	8

**This figure was incorrectly reported as 5 in last year's annual report, but the quarterly reporting to ARAC was correct.*

Whilst robust counter fraud arrangements are part of our response, we also have a responsibility to support our employees and their families. Accordingly, colleagues in People Services continue to work on a range of initiatives to support anyone struggling financially and offer help where we can.

Compliance with required codes and guidance

We have established that our organisational structure, policies, procedures, and practices comply with the requirements of Chapter Six: Arm's length bodies, of the Corporate Governance Code for Central Government Departments.

The Accounting Officer is supported by a Board structure in line with the Corporate Governance Code for Central Government Departments, and there are supporting procedures in place to ensure Board roles can operate effectively.

As regulated appointments, the appointment of the Chair and Board members are made in accordance with the Commissioner for Public Appointments' Code of Practice.

The Accounting Officer is also responsible for ensuring a system of good corporate governance and assurance is in place, in line with the principles of the Corporate Governance Code for Central Government Departments.

Our leadership is consistent with expected senior management roles and responsibilities, ensuring; our reporting routes are clear to ensure accountability and appropriate division of duties and key internal controls are in place; remuneration of senior staff is considered by non-executives to ensure independence and we have regular meetings with our key stakeholders to maintain constructive working relationships.

Our organisational framework of risk management is established in line with and to enable the application of the Orange Book's five principles, as follows:

1. Risk management is an essential part of governance and leadership, and fundamental to how the organisation is directed, managed, and controlled at all levels.
2. Risk management is an integral part of all organisational activities to support decision-making in achieving objectives.
3. Risk management is collaborative and informed by the best available information and expertise.
4. Risk management processes are structured to include:
 - a. Risk identification and assessment
 - b. Selection, design, and implementation of risk treatment options
 - c. Design and operation of integrated insightful and informative risk monitoring
 - d. Timely, accurate and useful risk reporting to enhance decision making and oversight.
5. Continuous improvement through learning and experience.

Our Assurance Framework

Our assurance framework comprises of the following measures which are in place to ensure I receive timely evidence that the controls required are in place and working appropriately.

Internal Audit

The annual audit opinion is informed in part by the delivery of the Internal Audit plan. This year we provided two "limited assurance" opinions, one for grants received by NRW and one for programme and project management, all other audits were moderate or substantial.

The root causes of the governance, risk and control weaknesses that are required to improve are as follows:

Organisation-wide frameworks and standards – there is a need to develop a unified governance structure across NRW, to create unifying standards and consistent assurances to ensure there are consistent outcomes.

Internal policies – Many policies across NRW are outdated or not adequately communicated so that they are understood and followed. There are training gaps in key knowledge e.g. budget holders, which hinders the consistent application of controls and awareness of roles.

Resourcing and capacity – Multiple areas across NRW have resource restraints, this started with the recruitment freeze in September 2023 and was further impacted by the Case for Change that was delivered throughout 2024 into 2025. As a result, there are delays in implementing control improvements, oversight and delivery.

Accountability and delegation – It is noted that there are delays to delegation letters, unclear ownership of the second line and poor follow-ups which weaken accountability and enable control lapses.

Systems and data management – Outdated and Non-ICT managed systems together with fragmented documentation, reduced data quality, and limited automation impede effective monitoring and assurance.

NRW has struggled to provide visibility over its operational risks or granular detail over the actions required to mitigate strategic risks and as a result undertook in 2024 a Risk Management Framework Review. At the time of writing this opinion the work has been approved by the Executive Team and is in the implementation phase. However, it is noted that for 2024/25 the risk maturity of NRW was still only a 1-2 level.

It is recognised across the four substantial internal audit opinions supplied in the year that there are strong pockets of governance and control, especially where statutory compliance and senior oversight are clear. Substantial Internal Audit opinions were provided for the financial scheme of delegation, marine licensing, serious incident reviews and for the delivery of the flood capital programme.

In conclusion, the Head of Internal Audit's professional evaluation of internal controls, governance and risk management has led them to conclude that that in 2024/25 there remain improvements required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. They can therefore offer a **moderate overall assurance opinion** for the past year.

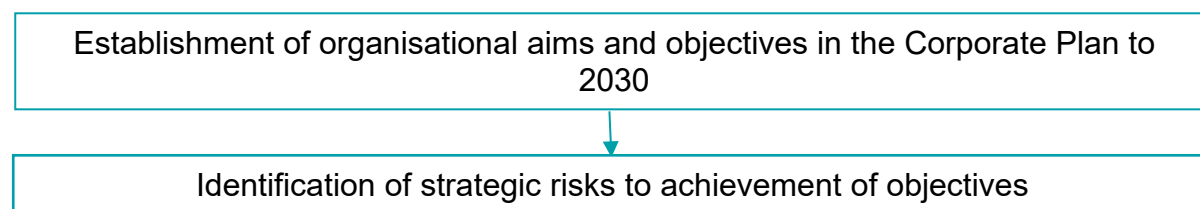
External audit

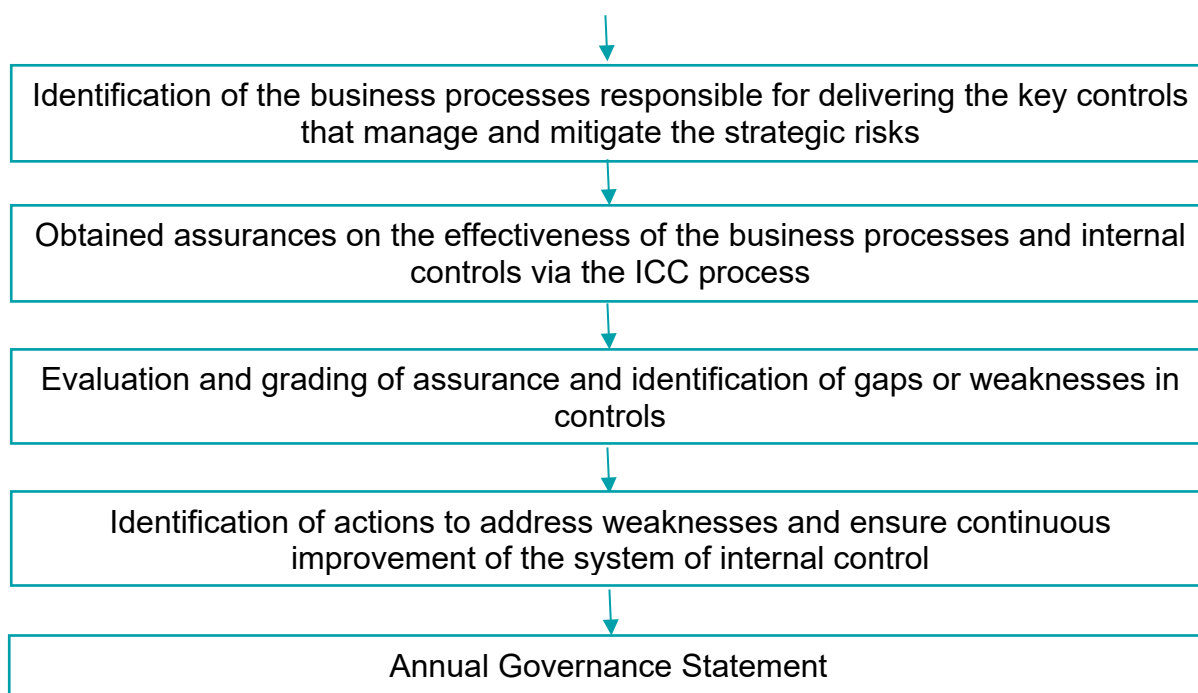
Independent scrutiny forms an important source of assurance, providing evidence of our ways of working in relation to best practice and industry standards. In some parts of the organisation, we are subject to, or we opt for, external audits or reviews of our work. Some are annual, for example UK Woodland Assurance Scheme, the ISO14001:2015 to maintain our environmental management system, and the UK Accreditation Service ISO/IEC 17025:2017 standard at our NRW laboratory in Swansea. Others we request as one of many pieces of work to give ourselves further information about particular areas or activity.

Effectiveness of the system of internal controls

The system of internal control is based on the systems, structures, and principles in operation within the organisation that mitigate and manage the risks to our aims and objectives. We are responsible for maintaining a sound system of internal control that simultaneously supports the achievement of our aims and objectives, whilst also safeguarding the public funds and the organisation's assets for which we are responsible.

To enable us to provide assurance in regard to the effectiveness of NRW's system of internal control a review process has been undertaken, this process is known as the Internal Control Checklist (ICC) and culminates in the signing of a Certificate of Assurance by each Executive Director for their areas of delegated authority. The certificate of assurance is then submitted to the Accounting Officer (AO). The key elements of the review process are set out below:





This year we continued to develop and refine the following steps in the process, including:

- Quarterly reviews following the completion of the 2023-2024 ICC process. This provided Executive Directors the opportunity to regularly consider any changes to their level of assurance in relation to the effectiveness of internal controls within their directorate throughout the year as a continuous review process;
- increased focused on the identification of gaps/weaknesses in the system of internal control and the development of a subsequent action plan.

The Executive Team (ET) have considered and moderated the analysis of the results and the assurance gradings attributed by Directors, and have endorsed the actions identified to remedy any significant weaknesses identified.

The following significant weaknesses within the system of internal control, and the corresponding steps taken/actions to address them have been identified as a result of the review of the system of internal control:

Control Areas identified as requiring attention:		Actions taken/ to be taken in order to address control weaknesses:
1	Workforce: A recruitment freeze has been in place across the organisation during the year as a result of the work on the Case for Change. During the year, the Board took	The work on the Case for Change has now concluded and to address the gaps in our new organisational structure, we have put in additional resource – both internally and externally – to support this process.

Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
the decision to implement changes to the structure to invest in priority areas that will drive long-term benefits for Wales' natural environment. That resulted in the need to stop or scale back certain services to ensure that resources were used as efficiently and effectively as possible. This also meant removing a number of roles from the organisational structure. This is recognised as a key control in terms of the ability to deliver a balanced budget during a period of significant financial pressure. These deliberate measures did however create pressures on the existing workforce, with impacts across the organisation. Some teams carried significant vacancies, with structures reducing and remaining below capacity for a significant period of time. The Case for Change has also impacted the People function in NRW, resulting in reductions in staff in some of the People teams leading to reduced capacity going forward, the pausing of certain key activities (e.g. Strategic Workforce Planning) to redirect staff to support the change process and limited capacity within the team and wider workforce to progress issues such as Succession Planning.	In parallel, we have recently invested in an eRecruitment system which will be introduced in 2025 and result in us being able to manage recruitment more efficiently and strategically. To support recruitment and to help manage the churn it inevitably creates, our default is to advertise all roles externally and staff will be expected to stay for a minimum period in new roles to create stability and support delivery. We have also substantially revised our Workforce controls. Directorates will be given staff headcount and financial ceilings that act as upper limits. Within those ceilings they have discretion to change and adapt as they deem appropriate, supporting greater flexibility for budget managers. We will be working closely with Directorate Workforce Panels to embed these new processes. In addition to the above, we will continue to work on delivering improvements to our workforce systems and processes through the People Transformation Programme. Over the course of 2024/25, the resource for the Programme was significantly curtailed to support the delivery of the Case for Change. However, significant progress was made in a number of areas including: Roll-out of a new Learning Management System (LMS, supporting key WHS and Learning and Development objectives. The Procurement of a new e-recruitment system. The roll-out of Perform, to support individual performance management, as part of our LMS.

	Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
		Over the course of 2025/26, to support our Workforce ambitions, the Programme will: Implement our new eRecruitment system Re-commence our work on Strategic Workforce Planning, following the work on the Case for Change, with the aim of having an organisation-wide plan and approach in place by the end of the year Further utilisation of our Learning Management System, to help us respond to training needs and understand the strategic training requirements. We will also roll-out a 360-feedback module as well as a Succession Planning module. The latter will help to ensure a more consistent and simpler approach to succession planning, supporting wider Strategic Workforce Planning. Review our approach to Flexible Resourcing, including the role and purpose of the Flexible Resource Pool.
2	ICT: Although there is recognition of the delivery of some improvements during the year, such as the rollout of new surface laptops, creation of a new Digital, Data and Technology (DDaT) department, and the escalation of some key ICT related risks being managed/mitigated, it is widely acknowledged that this is an area requiring significant investment and improvement. There continues to be a reliance on minimum viable products in many areas, many systems not managed centrally by the ICT department, and a lack of key ICT systems in other areas.	As part of the Case for Change during the year, ICT was identified as an area to be invested in. However, due to financial pressures it did end up seeing a reduction in its budget to contribute to the overall savings required by the organisation. Throughout the year we have been able to make progress in the stabilise programme (under NRW2030) and have continued to enhance and maintain our defence against cyber-attacks and protection of information assets. In addition, progress has been made in non ICT managed services and a significant system (MyNRW) was moved under the central control of ICT.

	Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
		We have moved to windows 11 and removed all windows 10 devices to improve remote access security. We formed the Digital Data and Technology (DDAT) team in January 2025 which brings together digital , data and technology under one single lead. Outside of the delivery work, we've also been investing in our people. We've been sending some of our team to take part in "Cross Gov" DDaT leadership workshops and we also set up workshops with other Gov entity's such as DVLA to collaborate with them and learn from their DDaT transformation work. Within the technology team, staff have been trained to increase our capabilities. This means we now have a Certified Scrum Master, ITIL v4 and APM Project Management Qualification (PMQ) qualified staff within our Business As Usual (BAU) team. Following an external recruitment process, we have since appointed a new Head of DDAT who started in May 2025 who will lead us through the transformational changes needed to support the delivery of the newly developed additional Wellbeing Objective.
3	Finance: Projects & Programmes: In recent years we have seen an increasing proportion of our spend managed through programmes and projects. This ranges from the traditional Flood Capital Programme to the Nature and Climate Emergency Programme (NACE) and NRW2030. In 2024/25 the financial management of all programmes and projects ensured that the budgets were effectively managed	Key members of the PMO team were deployed to the Case for Change Project in a Project Manager capacity and to support delivery of key products. With no funding to support back-fill arrangements this significantly impacted the pace of delivery of planned improvements to the PPM Framework identified by the PMO Manager for implementation in 2024/25.

	Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
	and ended the year with no significant over/under-spends. In 2024/25 we embedded the recommendations of the Local Partnerships Review into Flood Risk Project Delivery and NACE, with subsequent independent evidence of control improvements (internal audit). In recent years we have invested in the establishment of a consistent Project and Programme Management Framework, with a first and second line of assurance aligned to the risk and value of the project or programme, however we recognise that there is still some work to do in this area to further develop approaches and truly embed the service, as was recognised in an audit at the end of the financial year. During the year we have received independent assurance of the Project and Programme Management Framework, which is recognised as a robust, risk-based assurance framework. The recommendations relate to the consistent application of the Framework across the organisation with the need to reduce the number of SRO accountabilities held by individuals; provide greater assurance through the project delivery phase; improving project/programme manager compliance with the PPM framework templates and guidance including reporting requirements; exploring the use of an IT package to enforce the use of the PPM framework.	We anticipate the phased return of PMO personnel from the Case for Change Programme from July 2025, in addition some additional funding has been secured in 2025/26. A prioritised work plan has been prepared for the period 2025-27 to address the recommendations identified by the IA of the PPM Framework. In 2025/26 the workplan focusses on addressing the high and medium risks related: SRO accountabilities; project assurance during delivery; improvements to project reporting; briefings to colleagues to standardise application of the PPM framework across the organisation; improvements to lessons learnt process.
4	Risk Management: During the year, Welsh Government enhanced their monitoring arrangements of NRW. This was on the basis of our historic compliance with off-payroll working (known as IR35) requirements, and the extent of the potential liability that may be owed. As part of those	We have adapted swiftly and dynamically to the challenges in this area. We used risk and the risk appetite levels and statements set by the Board to inform and guide our decision making on fundamental changes to the organisation.

Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
arrangements, building assurance around and confidence in the oversight and financial and risk management arrangements in NRW was outlined as a priority. It is recognised that in some areas some processes relating to risk were less defined and embedded than in others.	During the year, we progressed work on an organisational risk and issues log, allowing the Executive Team, Board Members and Welsh Government to have collective oversight of the most significant risks and issues facing the organisation. We made further progress on embedding risk escalation. We also commissioned the Internal Audit team to review our risk framework, providing additional capacity in an area identified as a priority by Welsh Government, which resulted in a review of our strategic risks to align with our new proposals for delivery of our Corporate Plan. Risk management will continue to be a key priority for us over the coming year, as we aspire to a target for greater risk maturity. However, we recognise the reduction in the structure and overall capacity of the Corporate Governance and risk team as a result of the Case for Change, and the long-term nature of our maturity aspirations.

Ceri Davies

Interim Chief Executive and Accounting Officer

28 October 2025

Remuneration and Staff Report (audited)

Remuneration policy

The Board has established a committee (PCC) to consider matters relating to the pay and conditions of employment of the most senior staff and overall pay strategy for all staff employed by the organisation. The PCC comprises four non-executive Board members. The Board Chair is an ex-officio member of the Committee.

The Chair and Board members' remuneration is set by Welsh Ministers. The organisation receives an annual pay remit from Welsh Government and the pay award determined by the Board needs to be compliant with that pay remit and endorsed by the Welsh Government. Staff within the collective bargaining unit (Grades 1-11) will have an increase in their pay applied in accordance with the pay award.

The terms of contract for senior employees who are the Executive Team (ET) members is based on the organisation's terms and conditions. The remuneration policy for the most senior staff is not subject to collective bargaining and the remuneration package is underpinned by the Job Evaluation for Senior Posts (JESP) and a spot salary. The pay for ET is increased by the same percentage as Grade 11 (the most senior non-director pay grade). Where performance for ET members is deemed to be underperforming, no pay increase is applied.

Service contracts

All appointments to the Board are made on behalf of the organisation's sponsor minister in Welsh Government.

The Chief Executive and ET members are expected to be employed under permanent contracts. Appointments are made in accordance with our recruitment policy, which requires appointment to be made on merit and based on fair and open competition.

Unless otherwise stated below, the ET members covered by this report hold appointments which are permanent. These officers and Board members are required to provide three months' notice of their intention to leave.

Salary and pension entitlements

The following sections provide details of the remuneration of members of the Board and the remuneration and pension interests of members of the ET. Board members are not entitled to join the Civil Service Pension Scheme or receive other benefits. Early termination, other than for misconduct, would result in the ET members receiving compensation consistent with the Civil Service Compensation Scheme. Board members are not entitled to compensation.

Salary

Salary covers both pensionable and non-pensionable amounts and includes gross salary, overtime and any allowances or payments that are subject to UK taxation. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument. None of the Board members or ET received benefits in kind during 2024/25 and 2023/24.

None of the Board members or executive team received any remuneration other than the amounts shown below.

Board members' remuneration

Board Member	Board and Committee Roles (During 2024/25)	Contracted Dates	Salary 2024/25 (£5,000 range)	Salary 2023/24 (£5,000 range)
Julia Cherrett		01/11/18 to 31/05/23	N/A	0-5
Geraint Davies		01/01/19 to 31/03/25	10-15	10-15
Dr Peter Fox	FRMC Chair	16/02/23 to 31/10/26	15-20	15-20
Sir David Henshaw	Chair of Board	01/11/18 to 31/10/25	45-50	45-50
Zoë Henderson		09/11/15 to 08/05/23	N/A	0-5
Professor Calvin Jones	LEC Chair	01/09/21 to 31/10/28	15-20	15-20
Lesley Jones		01/06/23 to 31/10/26	10-15	10-15
Professor Rhys Jones		16/02/23 to 31/10/27	10-15	10-15
Mark McKenna	PCC Chair	01/09/21 to 31/10/28	15-20	15-20
Professor Steve Ormerod	Deputy Chair of Board & Chair EAC	01/11/18 to 31/03/26	15-20	15-20
Kathleen Palmer	ARAC Chair	16/02/23 to 31/05/25	15-20	15-20
Helen Pittaway	FC Chair	16/02/23 to 31/10/26	15-20	15-20
Dr Rosie Plummer	PrAC Chair	01/11/18 to 31/03/25	15-20	15-20
Peter Rigby		01/11/18 to 31/10/23	N/A	5-10

Executive Team's remuneration

Executive Team Member	Salary		Benefits in kind		Pension benefits ¹		Total	
	(£5,000 range)		(nearest £100)		(nearest £1,000)		(£5,000 range)	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Clare Pillman ^{1,2} (Chief Executive)	140-145	150-155	0	0	99,000	40,000	235-240	190-195
Ceri Davies ^{1,3}	140-145	125-130	0	0	187,000	37,000	330-335	160-165
Rachael Cunningham ¹	130-135	125-130	0	0	88,000	46,000	215-220	170-175
Prys Davies ¹	110-115	105-110	0	0	68,000	30,000	180-185	135-140
Dominic Driver ^{1,4}	35-40	N/A	0	N/A	13,000	N/A	45-50	N/A
Sarah Jennings ¹	135-140	130-135	0	0	54,000	51,000	190-195	180-185
Gareth O'Shea ¹	120-125	115-120	0	0	94,000	32,000	215-220	145-150

¹ The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the individual. The real increase is calculated by deducting the opening valuation from the end valuation. The real increases exclude increases due to inflation or any changes due to a transfer of pension rights. Inflationary increases are excluded by applying a real increase factor to the value at the start of the year. The real increase factor which is based on CPI was lower in 2024/25 than in 2023/24 and this has increased the gap between the valuation in 2023/24 and 2024/25 which has resulted in a high real increase reported in 2024/25.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022. *For members of the EAPF, the McCloud remedy was also taken into account for the directors' disclosures, but the benefit values of these specific individuals were not affected by the remedy.*

This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

² Clare Pillman left NRW in April 2025. During 2024/25, she received a salary of £155k-£160k, of this amount, £15k-£20k is accounted for and disclosed as part of the exit package as described on page 56. This is also included in the Exit Packages table on page 61.

³ Ceri Davies' annual equivalent salary for April to October was £130k to £135k as Executive director of EPP and £155k to £160k from October to March as Acting Chief Executive.

⁴ Dominic Driver was employed by NRW throughout the year but the pay information disclosed relates to the period from 16 November 2024 to 31 March 2025 when he was appointed on a temporary basis as Executive Director of Evidence, Policy and Permitting. The full annual equivalent salary for this period is £95k to £100k.

Pension benefits

Executive Team member	Accrued Pension at pension age as at 31/03/25 £000	Accrued Lump Sum at pension age as at 31/03/25 £000	Real Increase in pension at pension age £000	Real Increase in Accrued Lump Sum at pension age £000	CETV at 31/03/25 £000	CETV at 31/03/24 £000	Real Increase in CETV £000
Clare Pillman (Chief Executive)	80-85	150-155	5-7.5	2.5-5	1,830	1,675	89
Ceri Davies	75-80	90-95	7.5-10	10-12.5	1,655	1,404	190
Rachael Cunningham	45-50	0	2.5-5	0	920	807	71
Prys Davies	40-45	95-100	2.5-5	2.5-5	871	780	53
Dominic Driver	15-20	0	0-2.5	0	290	270	9
Sarah Jennings	15-20	0	2.5-5	0	242	177	41
Gareth O'Shea	70-75	105-110	5-7.5	2.5-5	1,546	1,407	81

The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that 43 this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022. For members of the EAPF, the McCloud remedy was also taken into account for the directors' disclosures, but the benefit values of these specific individuals were not affected by the remedy.

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits they have accrued in

their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

Clare Pillman left on 16 April 2025 and received an exit package of £120k to £125k. £15k to £20k of this was paid as salary in March 2025 and £100k to £105k is accrued and was paid in April 2025. The total value is included in the exit packages table on page 61 and included £65k to £70k of Special Severance Payment. No compensation for loss of office was agreed during 2023/24.

Fair pay disclosure

We, and similar bodies, are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary and benefits in kind where applicable. It does not include severance payments, employer pension contributions and the CETV.

In 2024/25, 5 workers employed by an agency organisation (2023/24: 1) were charged at a rate in excess of the highest-paid director.

The banded remuneration of the highest paid director (as shown above) in the financial year 2024/25 was £155,000 to £160,000 (2023/24: £150,000 to £155,000). This was 3.7 times (2023/24 3.8 times) the median remuneration of the workforce, with comparison in respect of upper, median, and lower quartile remuneration presented in the following table.

Whole Workforce Remuneration ratio

	2024/25	2023/24	Movement
	£	£	%
Upper quartile	50,637	46,673	8.49
Ratio	3.2	3.3	
Median	43,702	40,426	8.10
Ratio	3.7	3.8	
Lower quartile	38,688	35,686	8.49
Ratio	4.1	4.3	

Staff pay scales range from £25,898 to £80,072 (2023/24: £24,242 to £76,259).

The percentage increase in salary, benefits in kind and performance related pay during the year was:

	Movement
	%
Highest paid director	5.0
All workforce	7.4
Directly employed	7.4

As required by the Financial Reporting Manual, included within workforce in the tables above are permanent employees, fixed term appointments, apprentices, secondees, agency staff and contractors, where the pay has been calculated on an annualised basis.

All staff report

Staff Remuneration policy

There is a social partnership agreement in place with five trade unions and the setting of terms and conditions for staff below the ET members is through collective agreement with the social partners. The Welsh Government approves any changes to pay, terms and conditions and gives a pay remit to the organisation within which it must deliver. This year's pay was for the period 1 April 2024 to 31 March 2025 and saw a 5% increase to our pay bill. All of our pay scales have been above the Real Living Wage since April 2024. A pay award of 5% was applied to all pay points and enhancements and payments (allowances) but excluded the Loyalty Award and Market Supplement. This offer did not apply, as already agreed through Job Evaluation consultation, to those who had previously opted out of the Job Evaluation Scheme.

During the year, the Case for Change programme was proposed to address financial constraints but also to put NRW in the best shape to tackle the most pressing environmental issues and to maximise our impact where it matters the most. After an extensive period of consultation with the Trade Unions and colleagues across the organisation, in November 2024 the NRW Board approved the programme for implementation. The Case for Change programme implemented a reduction of c200 permanent posts in the staffing structure by 1 April 2025. This impacted c160 staff members directly and where possible, they were re-deployed before 31 March 2025. 24 voluntary redundancies were agreed before 31 March 2025, and these are disclosed within the Exit Package table below. A further 2 voluntary and 2 compulsory redundancies were agreed after the year end and will be accounted for during 2025/26.

This report provides information on the composition and costs of our workforce. Included in the staff tables below are permanent employees, fixed-term appointments, apprentices as well as agency staff, contractors, secondees.

Number of staff by headcount and full time equivalent (FTE) at 31 March 2025

	Male		Female		Total	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
All employees	1,260	1,234	1,112	1,044	2,372	2,278
of which:						
Leadership Team	13	13	15	15	28	28
Executive Team	3	3	4	4	7	7

Number of staff by headcount and full time equivalent (FTE) at 31 March 2024

	Male		Female		Total	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
All employees	1,350	1,319	1,186	1,116	2,536	2,435
of which:						
Leadership Team	15	15	13	12	28	27
Executive Team	2	2	4	4	6	6

Average number of full-time equivalent persons paid during the year was:

	2024/25			2023/24
	Permanent Staff	Others	Total	Total
Directly employed	2,240	27	2,267	2,371
Agency workers	0	72	72	91
Total	2,240	99	2,339	2,462

The average full-time equivalent number of staff working on capital projects was 185.2 (2023/24: 216.7).

Staff turnover

Staff turnover during 2024/25 was 6.2% excluding temporary workers e.g., fixed term appointments (2023/24 5%).

Staff costs

	2024/25			2023/24
	Permanent staff	Other staff	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	99,267	5,301	104,568	108,145
Social security costs and other taxation	10,808	693	11,501	11,520
Other pension costs	25,788	355	26,143	24,656
Total net salary costs	135,863	6,349	142,212	144,321
Other expenditure for staff	Note			
Exit package costs			1,034	13

	2024/25	2023/24
IAS 19 (pensions) service charge	16	6,167
Less early retirement pension costs	-	(5)
Less in-year LGPS pension contributions	(6,899)	(6,894)
Movement in accrued holiday pay	322	15
Total other expenditure for staff	624	117
Less amounts charged to capital projects	(11,877)	(12,956)
Total staff costs	<u>130,959</u>	<u>131,482</u>

Details of our pension obligations can be found in Note 16.

Details of the remuneration of Board members and directors are in the remuneration report. Bought-in services in Note 5 (other expenditure) includes £2.2 million of expenditure on consultants (2023/24 £4.7 million).

Pension schemes

We are a member of two pension schemes. The Principal Civil Service Pension Scheme (PCSPS) is an open scheme and includes both the defined benefit scheme, Alpha, as well as the stakeholder partnership defined contribution scheme. We are also a closed member of the Environment Agency Pension Fund (EAPF) under a community admission agreement. Further details of these pension schemes are shown below.

Civil Service Pension Scheme contributions

The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS) - known as "Alpha" - are unfunded multi-employer defined benefit schemes, but the schemes do not identify individual organisations' share of the underlying assets and liabilities. The latest full actuarial valuation of the PCSPS as at 31 March 2020 was completed in September 2023. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at <https://www.civilservicepensionscheme.org.uk/knowledge-centre/resources/resource-accounts/>

For 2024/25, employer's contributions of £19,066k were payable to the PCSPS (2023/24: £17,588k) at a single rate of 28.97% of pensionable pay (for 2023/24 26.6% to 30.3%, based on salary bands). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2024-25 and will remain unchanged until 2028-29. The pay bands and contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect the past experience of the scheme.

Stakeholder partnership pensions

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £169k (2023/24: £164k) were paid to the appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions of up to 3% of

pensionable earnings. In addition, employer contributions of £6k, 0.5% of pensionable pay (2023/24 £5k), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

No contributions were due to the partnership pension providers at the balance sheet date, and no contributions were prepaid.

Environment Agency Pension Fund (EAPF) contributions

The EAPF is a funded, defined contribution public service pension scheme. It is part of the Local Government Pension Scheme (LGPS), a statutory scheme primarily governed by the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. We make payments to the EAPF, as the administering authority for the LGPS via Capita, the pension fund administrators.

Every three years the EAPF undertakes a valuation in conjunction with the Scheme Actuary. The 31 March 2022 valuation assessed the EAPF financial position with a funding level of 103% (2019: 106%). The main purpose of the actuarial valuation is to review the financial position of the fund and to set the level of future contributions for employers in the fund.

We have a community admission agreement with the EAPF to participate in the scheme, which was approved by the Secretary of State for Communities and Local Government in respect of former Environment Agency Wales staff who transferred to our organisation on 1 April 2013. The liabilities for former members employed by the Environment Agency in respect of Welsh functions (pensions in payment and deferred members) also transferred. The Welsh Government has entered into a guarantee with the EAPF to indemnify them for any liabilities that arise from the participation of NRW in the EAPF.

For 2024/25 the employer's contribution rate was 21.60% (2023/24: 22.50%) In 2024/25 employer's contributions of £6,899k were paid to the EAPF (2023/24: £6,894k) which reduces the balance on the IAS 19 pension fund.

Exit packages

The total number of exit packages by cost band	2024/25	2023/24
Under £10,000	2	1
£10,001 - £25,000	11	1
£25,001 - £50,000	6	0
£50,001 - £100,000	7	0
£100,001 - £150,000	1	0
Total	27	2
Resource cost	£1,033,832	£13,000

There were no compulsory redundancies in 2023/24 or 2022/23.

Voluntary exit costs have been paid in accordance with provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2024/25. The table excludes any related National Insurance and Pension costs. Of the 27 disclosed, 1 relates to the exit of Clare Pillman, Chief Executive, 24 relates to voluntary redundancies agreed as part of the implementation of our Case for Change programme and another 2 relates to payments in lieu of notice made to two other staff. Exit costs of £30k were actually paid in 2024/25, the remainder, £1,004k, are accrued and will be paid during 2025/26, the year of departure.

Where we have agreed early retirements, the additional costs are met by this organisation and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Sickness absence (not subject to audit)

Our sickness absence rate for the rolling year (1 April 2024 to 31 March 2025) showed an average of 7.4 days lost per employee and equates to 3.4%. For 1 April 2023 to 31 March 2025, this was 5.4 days lost per employee equating to 2.4%

Disability Policies (not subject to audit)

Disability Confident Employer

We successfully achieved Level 2 re-accreditation to Disability Confident Employer scheme in April 2024 until March 2027.

Since 2020, we have been an affiliated member of Employers for Carers UK scheme, who aim to support employers in supporting employees with caring responsibilities. We are also members of Neurodiversity in the Business since 2023.

During 2024/25, we continued to be compliant with the disability confident scheme providing guaranteed interview scheme where applicants who declare themselves as disabled, in line with the Equality Act 2010 definition, and meet the minimum criteria for the role applied for, are automatically invited to interview.

Externally we received applications from 106 people of which 15 (14.1%) people requested a guaranteed interview. Internally we received applications from 201 people of which 10 (4.9%) people requested a guaranteed interview. These figures are with a backdrop of implementing a recruitment freeze in August 2023. The majority of these applications have come during 2025 calendar year and following the end of the recruitment freeze.

In addition, we ask and encourage colleagues to voluntarily self-disclose as much or as little personal details as they feel comfortable to declare at their own discretion, this includes **Disabilities**. This helps us to understand the makeup of our workforce, and to ensure we have the right policies and procedures in place to support our colleagues as

well how reflective we are as an organisation of the population and communities we serve in Wales.

The current figures show, 74% of our colleagues have self-disclosed some or all information voluntarily, this is an increase of 5% since last year, with 26% of colleagues who have not self-disclosed or have decided to use the option “prefer not to say”.

3.9% (89) have declared they have a disability as defined by the Equality Act 2010.



Employee Resource Groups (ERG) - Staff Networks (not audited)

Employee Resource Groups (ERG), also known as Employee or Staff Networks are a supportive and welcoming space for our colleagues to come together to create change in the workplace. ERGs are often centred around an under-represented protected characteristic in the workplace. The networks provide our colleagues with the opportunity to meet with colleagues from across the organisation and get involved with network activities.

ERGs also carry out the essential tasks of creating new diversity and inclusion good practices influencing those in charge to implement them.

Each of our ERGs have a dedicated intranet page with information relevant to each group which all colleagues have access to. In addition, we are starting to build network related learning resources through our new learning management system.

We currently have nine Employee Resource Groups that represent protected characteristic themes, namely Disability, Sex and Gender, Sexual Orientation, Religion and Belief. These are:

- Assisted User Group
- Calon- The LGBTQ+ Staff Network
- Christian Fellowship Staff Network
- Cwtch - The Carers Network
- Dementia Friends Network
- Muslim Staff Network
- Neurodiversity Staff Network
- Sight Impaired Network
- The Women's Network

The ERG roles are carried out voluntarily and provide colleagues with a safe space and someone to contact when support is required. A good practice guidance was devised with the support of the ERG which outlined the aims and objectives of Networks, and role of Network leads for consistency. The guidance also provides a framework to support their mental health and wellbeing and to balance their day job and role as Network Leads, as well as succession planning.

ERG Leads are also encouraged by the Equalities Team to make more use of Webinar Wednesdays especially in raising awareness of significant D&I dates such as Neurodiversity Awareness Week, LGBTQ+ History Month and International Women's Day.

Off-payroll engagements (not subject to audit)

We are required to publish information about appointments of consultants or staff where the individuals concerned earn more than £245 per day, where we pay by invoice rather than through payroll. The off payroll working rules were designed to ensure that if someone works through an intermediary and would have been regarded, for income tax and national insurance contributions purposes, as an employee if they were directly engaged by the organisation, they pay broadly the same income tax and national insurance contributions as if they were employed. These rules do not apply to people who are genuinely self-employed.

It is the responsibility of the organisation to undertake the assessment for tax purposes as opposed to the intermediary. If the determination of the assessment is that the role is inside scope of IR35, the intermediary will pay the same employee tax as a pay-rolled employee.

Following the conclusion of the HMRC review in relation to IR35, NRW has reviewed its processes. We no longer directly engage contractors. Any off-payroll workers are only engaged via agencies and where the workers are employees of those agencies, under PAYE tax rules. The agencies are therefore responsible for tax and national insurance contributions payable to HMRC in respect of these engagements. Engagements disclosed in the tables below have been assessed, they all relate to workers who are employed by an agency and are therefore outside the scope of the IR35 regulations.

The following tables show our position in relation to these requirements.

Off-payroll engagements as of 31 March 2025, for more than £245 per day

Number of existing engagements at 31 March 2025 that have existed for:	Number of engagements
less than one year	9
between one and two years	1
between two and three years	0
between three and four years	0
four or more years	2
Total	12

All off-payroll workers engaged at any point during the year ended 31 March 2025, earning £245 per day or greater

	Number of engagements
The Number of temporary off-payroll workers engaged during the year ended 31 March 2025	19
of which:	
Not subject to off-payroll legislation (employed by agency organisation in the supply chain)	19
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
The number of engagements reassessed for compliance or assurance purposes during the year	0
The number of engagements that saw a change to IR35 status following review	0

Parliamentary and Audit Report (audited)

Losses and special payments

The Welsh Government's Managing Public Money rules require disclosure of losses and special payments by category, type, and value.

HMRC have concluded their review of NRW's tax treatment of contractors in relation to IR35 regulations. It was determined that NRW has additional tax liabilities of £14.6m as a result of this review. The expense has been accounted for as a special payment within Other Expenditure in 2024/25 and is included in the table below. A payment on account of £19m was made to HMRC during 2023/24, and will be offset against this liability. Penalties applicable to this review have been levied but are suspended for a period of 12 months. In response to HMRC's review, NRW has reviewed its processes for engaging with contractors to ensure ongoing compliance with IR35.

Losses and special payments by category

The table below provides the number of write offs and special payment requests approved in the year. One special severance payment was also approved but this is not included below. This is included within the Exit Payments table on page 61.

Category or type of loss	2024/25 Number	2024/25 £'000	2023/24 Number	2023/24 £'000
Write-off of irrecoverable debts	94	182	70	80
Loss of assets	8	164	3	16
Other losses (cash losses, fruitless payments, unenforceable claims, or gifts)	3	254	15	241
Special payments	8	15,843	7	71
Total	114	16,443	95	408
Waiver of income*	3	25	9	164
Total	117	16,467	104	572

*Waiver of income mostly relating to future sales and does not relate to credit notes to be raised against historical invoices.

Ceri Davies

Interim Chief Executive and Accounting Officer

28 October 2025

The Certificate and report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Natural Resources Wales for the year ended 31 March 2025 under paragraph 23 of the Schedule to the Natural Resources Body for Wales (Establishment) Order 2012.

The financial statements comprise the Statement of Comprehensive net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including the material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the state of Natural Resources Wales's affairs as at 31 March 2025 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Natural Resources Body for Wales (Establishment) Order 2012.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I are independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the

audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Natural Resources Wales is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the annual report other than the financial statements and other parts of the report that are audited and my auditor's report thereon. The Accounting Officer is responsible for the other information in the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Natural Resources Body for Wales (Establishment) Order 2012.

In my opinion, based on the work undertaken in the course of my audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Welsh Ministers' directions made under the Natural Resources Body for Wales (Establishment) Order 2012; and
- the information given in the Foreword, Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword, Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit.
- proper accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Accountability Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- ensuring that the Annual Report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing Natural Resources Wales's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Natural Resources Wales will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Natural Resources Body for Wales (Establishment) Order 2012.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Natural Resources Wales's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- Obtaining an understanding of Natural Resources Wales's framework of authority as well as other legal and regulatory frameworks that the Natural Resources Wales operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Natural Resources Wales; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Assurance Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Natural Resources Wales's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales
30 October 2025

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