



**Cyfoeth
Naturiol
Cymru
Natural
Resources
Wales**



Annual Report and Accounts 2025-26



Noddir gan
Lywodraeth Cymru
Sponsored by
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Natural Resources Wales is a public body responsible for protecting and managing Wales' environment and for acting as an independent adviser to Welsh Government.

We provide advice and issue permits that guide development across Wales, helping to ensure it supports people, the economy and the environment.

We also manage land and forests and lead work on flood risk management, working closely with others to protect people and the environment.

Our ambition is clear. We want to make lasting progress by:



Supporting nature's recovery



Building resilience to climate change



Minimising pollution

Our vital statistics

Every day, our work supports people, places and nature across Wales.

**£1.7bn**

£1.7 billion secured from the water industry to support environmental improvement

**1 in 7**

One in seven properties in Wales is at risk of flooding

**98%**

98% of Welsh bathing waters meet strict environmental standards

**10,504**

Responded to 10,504 reports of environmental incidents of which 171 caused serious impact



**90,000+**

90,000+ properties protected by NRW maintained flood defences

**1255**

Enforcement action taken against 619 companies and 636 individuals, including 80 prosecution cases covering 112 offences



**12**

Our remit extends out 12 nautical miles

**870**

The Wales Coast Path spans 870 miles



**404**

404km of rivers improved

**£43.5m**

£43.5 million generated through commercial activities, principally timber sales

**3,000**

Nearly 3,000 species are found in five locations or fewer across Wales, with around half occurring in just one location



**400**

Over 400MW of installed renewable energy generation capacity on Welsh Government Woodland Estate

**1,083**

76 National Nature Reserves and 1,083 Sites of Special Scientific Interest across Wales



**7,859**

7,859 planning applications responded to during 2025-26



**3,000**

Maintained over 3,000 flood risk management assets

Contents and reader's guide

This report is designed to be easy to use, whatever you're looking for.

- If you want a quick overview, start with the Chair's and Chief Executive's introductions and the Performance Overview.
- If you want to understand what we've delivered and the difference we've made, go to the Performance Report.
- If you're interested in how we're run, how decisions are made and how we manage public money, see the Accountability Report and Financial Statements on our website.

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Performance Report

This section sets out a review of our work in 2025-26, an analysis of our delivery and performance, and our position at the end of the year.

Ceri Davies

Chief Executive and Accounting Officer
14 July 2026



Chair's foreword



“

Wales needs a confident, ambitious NRW. I believe we are that organisation - and our Annual Report provides a clear account of our performance, the progress we have made, and the scale of the challenge ahead.

I took up the role of Chair of Natural Resources Wales in November 2025, and have been struck by the commitment, professionalism, and purpose across the organisation.

This is an organisation that understands its role, is clear in its purpose, and is ready to meet the challenges ahead. Across NRW, I have seen colleagues who are capable, committed and determined to deliver meaningful change for Wales.

A new Welsh Government brings renewed expectations around pace, visibility and impact. This makes it even more important that NRW is clear about its priorities and focused on delivering where it matters most. I would also like to recognise the support and collaboration of the previous Welsh Government, the Climate Change, Environment and Infrastructure Committee as well as Members of the Sixth Senedd, who have helped shape our current direction and progress. I look forward to building on this strong foundation as we work with Members of the Seventh Senedd.

The scale of the challenge is significant. Wales faces serious and interconnected environmental pressures. Biodiversity continues to decline, climate risks are increasing, and pressures on water and natural resources are intensifying. The State of Natural Resources Report (SoNaRR), which we published this year, makes this clear: it calls for coordinated, system-wide action, not incremental change. NRW recognises that challenge, and we are responding.

This year, we delivered. We fulfilled our regulatory responsibilities, protected communities from

flood risk, and worked to restore and protect Wales' natural environment, while providing government and partners with the clear, evidence-based advice they need to make informed decisions. We took enforcement action where necessary and did not shy away from difficult conversations. That record gives me confidence.

But I want to be honest about where we must go further.

Water quality is one of the defining environmental issues facing Wales today. People rightly expect clean rivers and healthy coastlines - but those expectations are not yet being met. What is required now is not incremental improvement, but a step change in performance. NRW will strengthen its approach to monitoring, compliance and enforcement, and work with partners across the water sector to drive the scale and pace of improvement that communities expect and deserve.

We are also sharpening how we deliver. NRW is becoming a more place focused organisation, recognising that the challenges and opportunities vary across Wales. By working more closely at a local level, we can better understand communities, target our effort and deliver greater impact.

Equally, we must become a more outward-facing organisation. I've been encouraged by the strength of Welsh language skills across the workforce, with nearly a quarter of staff fluent and almost a third able to work in Welsh. I have also started learning myself and want to support wider use of Cymraeg in our day-to-day work. Since joining, I have visited offices across Wales

to meet colleagues, hear directly about their work and better understand the local contexts in which we operate.

The people and businesses we serve - our customers - should experience NRW as clear, accessible and effective. Whether it is a farmer seeking guidance, a developer navigating regulation or a community managing flood risk, we must be an organisation that is easy to work with and trusted to deliver.

My role as Chair is to ensure that NRW is ready for all of this: with strong governance, financial discipline, ambitious leadership and a culture that is transparent and accountable. I am working closely with Chief Executive Ceri Davies to ensure that this clarity of direction is felt at every level of the organisation.

I would like to recognise my predecessor Sir David Henshaw for the foundations he established, and to thank Professor Steve Ormerod, Kath Palmer and Karen Balmer for their service and dedication to the Board. I am also delighted to welcome Mair Gwynant and Sarah Albon - their insight and experience will strengthen the Board further.

Wales needs a confident, ambitious NRW. I believe we are that organisation - and our Annual Report provides a clear account of our performance, the progress we have made, and the scale of the challenge ahead.

Neil Sachdev

Chair of NRW

Chief Executive's introduction



This has been a year in which the scale of the challenge facing Wales' natural resources has become even clearer - and one in which NRW has shown it is ready to meet that challenge head-on.

The State of Natural Resources Report (SoNaRR) 2025, our national assessment of the state of Wales' natural resources, sets out the reality. Climate change, biodiversity loss and pollution are placing increasing pressure on the natural systems we all rely on. We are already seeing the effects: rising flood risk, declining water quality, competing demands for land and growing strain on public services.

These are not future risks - they are here now, affecting communities, businesses and livelihoods across Wales.

Our response is clear. We are focused, we are prioritising what matters most, and we are stepping up delivery. As set out in our Corporate Plan: Nature and People Thriving Together, lasting change depends on collective action. NRW is playing a leading role, working with government, industry and partners to turn ambition into practical results.

We are doing this in a fast-moving and demanding environment, with higher expectations for pace, transparency and impact. During the year, our work was shaped by a number of significant developments - including new and emerging legislation on biodiversity and environmental governance, continued public concern about water quality, and the findings of the Cunliffe Review, which highlighted the need for reform in water regulation and oversight. Alongside this, increasing demand for infrastructure, including nuclear and wider energy developments, and the introduction of the Sustainable Farming Scheme are reshaping the context in which we operate. We have responded by staying focused, being clear on priorities and getting on with delivery.

And we are delivering.

2025-26 was a year in which the impacts of climate change were felt directly. We responded effectively to major incidents, including drought, wildfires and severe flooding. We restored peatland on priority sites and worked with land managers across Wales. We improved our

marine services and delivered most priority improvements, including the launch of a new digital marine licensing system to improve speed and transparency. We also maintained strong operational performance, responding to 95% of high-priority incidents within four hours.

Just as importantly, we have strengthened the organisation behind that delivery. Additional in-year funding from Welsh Government allowed us to accelerate action in priority areas, including water quality, nature recovery, flood risk and evidence.

We have brought in new talent and supported them to contribute quickly and taken steps to build greater financial resilience through a more flexible workforce model. We have simplified regulatory processes, invested in digital and data capability, and strengthened how we manage performance and risk. These changes are making a real difference - faster delivery, better decisions and a more effective service for those we serve.

We are also clear about where more is needed. Demand for our services continues to grow, and the scale of environmental change - particularly for nature recovery and water quality - goes beyond any single organisation. Capacity pressures, data gaps and system complexity remain. We are addressing these directly through clear prioritisation, investment in skills and systems, and closer working with partners.

Improving customer service is also central to our approach. The people and organisations we work with should experience NRW as clear, responsive and easy to engage with. This is fundamental to building trust and delivering better outcomes.

I am proud of what we have achieved this year - not just in what we have delivered, but in how we are strengthening the organisation for the future. None of this would have been possible without the commitment, professionalism and resilience of colleagues across the organisation. I would like to thank all staff for their continued dedication in what has been a demanding year. I would also like to recognise Gareth O'Shea, who retired this year as Executive Director of Operations after a career of 42 years with NRW and its predecessor bodies.

As we look ahead to 2026-27, we stand ready to work closely with the Senedd and the new Government, supporting its priorities and expectations. We know the challenges are significant and the expectations are high. But we are clear about our role, confident in our direction, and determined to deliver the outcomes that people and nature need.

The performance set out in the following pages provides a detailed account of the progress we have made this year, the impact of our work across Wales, and the challenges we must continue to address as we deliver for people and nature.

Ceri Davies

Chief Executive of NRW

Performance Overview

This section gives a high-level summary of how we performed against the commitments in our 2025-26 Annual Business Plan.

More detailed analysis including case studies is provided in the Performance Analysis sections for each wellbeing objective.

Ceri Davies

Chief Executive and Accounting Officer
14 July 2026

2

Who we are and what we do

Who we are

Natural Resources Wales (NRW) is a public body responsible for protecting and managing Wales' environment and for acting as an independent adviser to Welsh Government.

We provide advice and issue permits that guide development across Wales, helping to ensure it supports people, the economy and the environment.

We also manage land and forests and lead work on flood risk management, working closely with others to protect people and the environment.

Our ambition is clear. We want to make lasting progress by:

- Supporting nature's recovery
- Building resilience to climate change
- Minimising pollution



How we work

Our work is organised across six regions in Wales, alongside our Marine area. Each Place has its own leadership team and local priorities, ensuring our teams understand local needs and are committed to the communities they serve.

We combine strong local knowledge with a national perspective, turning insight into practical action and trusted advice. Working with partners, stakeholders and communities, we protect and enhance Wales' natural resources – from supporting nature recovery to enabling a modern, low carbon economy.

By combining on the ground presence, strategic guidance and a regulatory role, we help improve practice locally and influence priorities and standards nationally.



What we do: More than you might think

From ancient woodlands to busy city centres, and from flood-prone communities to busy coastlines, our work reaches into every corner of Wales - bringing environmental protection to life in real and practical ways.

Here's a snapshot of how that comes to life:

- Shaping decisions that matter by providing expert advice to Welsh Government, businesses and communities - helping protect both people and nature.
- Keeping a close eye by regulating industries, waste, forests and the marine environment, with permits ensuring activities are safe, responsible and sustainable.
- Looking after special places by designating iconic landscapes like Sites of Special Scientific Interest, National Nature Reserves, National Landscapes and National Parks, and guiding their future through management plans.
- On the front line in emergencies by responding rapidly to floods, pollution and other incidents alongside emergency services to protect communities when it matters most.
- Shaping future development by reviewing planning applications to help get development right, balancing growth with strong environmental protection.
- Managing land for everyone by caring for around 7% of Wales' land, including forests, flood defences and visitor sites, bringing together access, conservation and economic use.
- Working with others to build partnerships and inspiring communities to understand, enjoy and care for the natural world.
- Whether monitoring the environment or analysing samples in our laboratory, we gather evidence, lead research and share knowledge to guide better decisions.

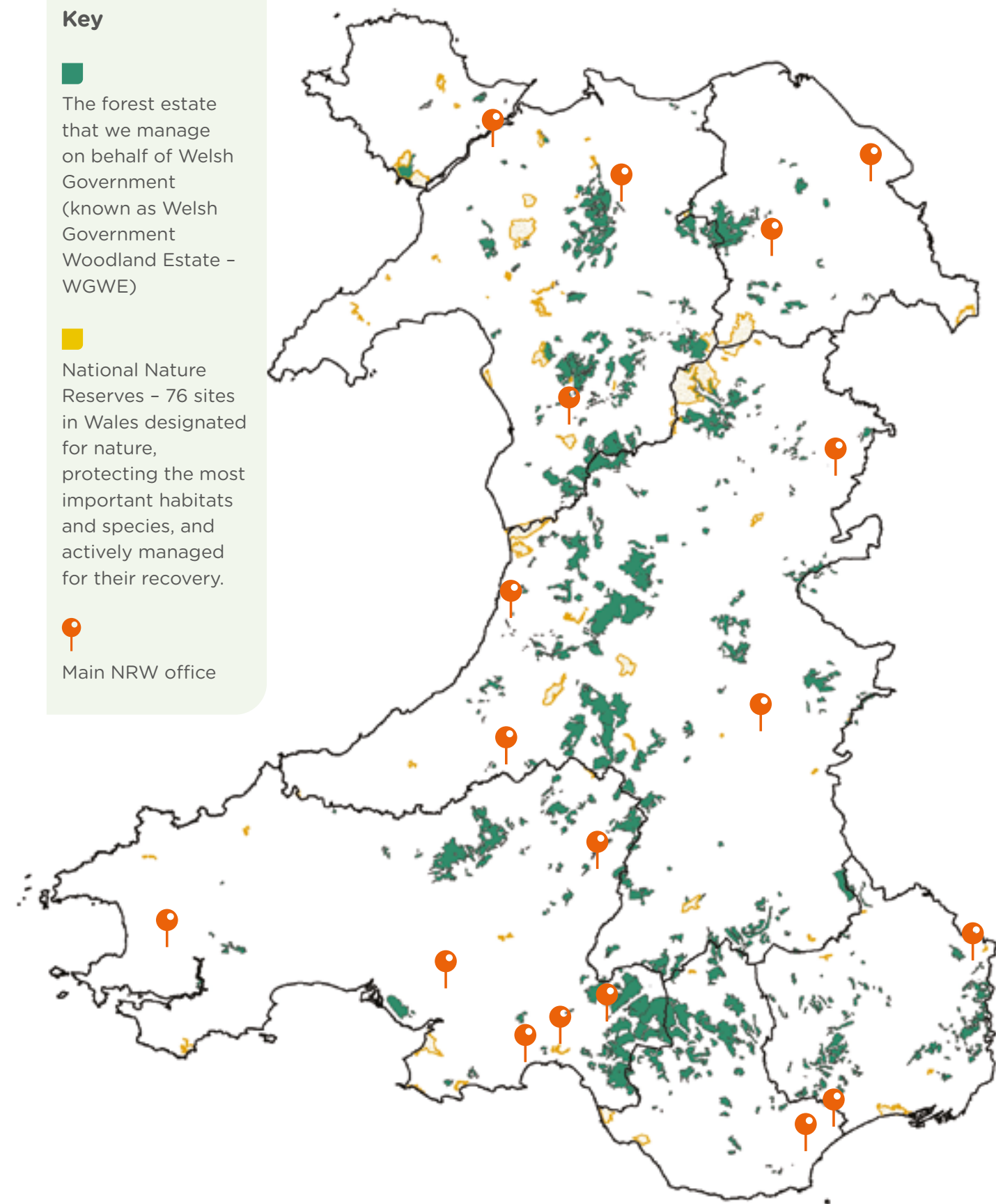


Key

 The forest estate that we manage on behalf of Welsh Government (known as Welsh Government Woodland Estate - WGWE)

 National Nature Reserves – 76 sites in Wales designated for nature, protecting the most important habitats and species, and actively managed for their recovery.

 Main NRW office



The words and terms we use

What are our wellbeing objectives?

NRW exists to look after Wales’ natural environment – for people today and for future generations. We have set long-term outcomes to show the difference we want to make to the wellbeing of Wales. These are our objectives – referred to as our wellbeing objectives. They explain what we are working towards and why it matters.

Together, these guide all our work and help us focus on what matters most. Having relevant wellbeing objectives in place is required by the Wellbeing of Future Generations (Wales) Act 2015, but for us they are more than words on a page.

They reflect what we believe: that caring for nature and improving peoples’ lives go hand in hand.

During the year, we developed a new wellbeing objective focused on how we work for nature and people. It aims to build an organisation that is trusted by colleagues, customers and partners; effective in making timely, evidence-based decisions; collaborative in our working as well as fit for the future. This sets the direction for improving how we make decisions, deliver services and work together, we are now developing how we will measure and report progress.



Supporting nature’s recovery



Building resilience to climate change



Minimising pollution

Our five ways of working

The Wellbeing of Future Generations (Wales) Act sets out how we should work - called the five ways of working:



1. **Long-term** — thinking ahead



2. **Preventing** — acting early to stop problems getting worse



3. **Integrating** — understanding how our work affects wider wellbeing



4. **Collaborating** — working with others



5. **Involving** — listening to and engaging with people and communities

How we manage natural resources

We also follow the Sustainable Management of Natural Resources (SMNR) approach, set out in the Environment (Wales) Act 2016.

In simple terms, this means:

- Managing land, water and wildlife so nature stays healthy
- Using evidence and learning as we go
- Taking action at the right scale - from local to national
- Supporting people, communities and the economy now and in the future

This approach recognises that everything in nature is connected - and the choices we make today shape the future.

Together, our people, our ways of working and the SMNR approach guide everything we do – helping us deliver our wellbeing objectives and lasting benefits for nature, people and communities across Wales.

The scale of the challenge facing Wales

Wales' natural environment is under increasing strain.

Climate change, pollution, habitat loss and the way we use land and water are all affecting our rivers, wildlife and landscapes.

The State of Natural Resources Report (SoNaRR) 2025 is Wales' official check up on the health of our environment. It brings together the latest evidence to show what is changing, why it matters, and where action is most needed.

Throughout this Annual Report, you will see **SoNaRR alerts**. These highlight the most important signals from that evidence - clear, simple indicators of the pressures facing nature.

They include:

- One in five species is at risk of extinction
- Only around 40% of rivers, lakes and seas are in good condition
- Most habitats are in poor condition
- Flood and climate risks are rising
- Pressure on water resources is growing

These alerts show, at a glance, the scale and urgency of the challenge. They are not isolated issues - they are connected and affect the whole of Wales.

Why these alerts matter

This report sets out the work we are delivering. The **SoNaRR alerts** provide the context - linking that work to the bigger national picture.

By placing them alongside our delivery, we show both sides clearly: where progress is happening, and where challenges remain.

A joined-up response

SoNaRR 2025 is clear: these challenges that Wales faces are connected, so the response must be too. It requires organisations, sectors and communities working together, guided by strong evidence.

Wales is at a critical point. The evidence is clear.

The task now is to turn that progress into lasting change, with action at pace and at scale from every sector, organisation and community across Wales.

Understanding this Performance Summary

In the pages that follow, this Performance Summary sets out at-a-glance how we have performed during 2025-26 and then in the Performance Analysis section that follows we provide greater detail about our performance.

This summary concentrates on how we have delivered the commitments we made in our Annual Business Plan for 2025-26. The Performance Analysis section then sets out in more detail a more comprehensive, wider assessment of our performance.

Performance bars

We use performance bars to show delivery against the commitments in our 2025-26 Business Plan.

Each square represents one commitment:

- **Green** – achieved
- **Amber** – partially achieved
- **Red** – missed

A bar with mostly green shows where commitments have been delivered. More amber or red shows where progress has been partial or missed.

Example



Achieved: 5 commitments
Partially on track: 3 commitments
Not on track: 1 commitment

Interpreting performance

The commitments in our Annual Business Plan set out what we planned to deliver during the year. They show our progress, but they are only part of the picture.

They don't capture the overall condition of the environment or the full impact of our work, as change takes time and depends on many factors beyond NRW's control.

The performance assessment set out in this report is based on reporting of the commitments in our Annual Business Plan that is presented to the Board on a quarterly basis during the year. The Board scrutinises delivery and achievement of the commitments set out in the plan.

Performance trend year on year

Overall performance strengthened in 2025-26, with a higher proportion of commitments achieving a green rating and fewer rated amber than in 2024-25 (reflecting a different set of commitments each year). While a small number of areas ended the year as red or amber, overall delivery improved, alongside emerging pressures that will require continued focus.



Overall Assessment of Performance

We have made strong progress in delivering our 2025–26 Annual Business Plan, with all commitments progressed. Our work is making a real difference - improving habitats, protecting communities, reducing environmental harm and strengthening regulation.

We have also strengthened how we work. Better evidence, stronger planning and new systems are helping us target our efforts more effectively and will support delivery in the years ahead.

However, the scale and urgency of the nature, climate and pollution emergencies go beyond the resources available to us. NRW cannot deliver the necessary step change alone. Many of the outcomes we are working towards depend on action by others across Wales.

We are responding by changing how we operate. This includes working more closely with partners, focusing on the highest risks

and enabling others to deliver alongside us. This approach is reflected in a new wellbeing objective that we have developed: How we work for nature and people. While some of these approaches are already reflected in this year's report, we will report on this objective more fully in 2026–27.

Progress has been made in a challenging year. Recruitment and training have put pressure on teams, while demand for our services remains high. At the same time, we are investing in digital systems, data and evidence to support future delivery, which will take time to deliver full benefits.

Overall, we have delivered well, remained focused on our priorities and strengthened our foundations for the future. To go further and faster, we will continue to work with others and develop new approaches that match the scale of the challenges we face.



SoNaRR alert!

Despite our action, Wales needs to do more.

- Biodiversity in Wales continues to decline, with many species and habitats in poor condition
- Pressures from land use, climate change and pollution remain widespread
- Long-term recovery will require sustained, system-wide action

Summary Performance of our wellbeing objectives

1 Supporting nature's recovery

Wellbeing objective 1: nature is recovering



Summary

We made good progress this year, strengthening protection for nature and involving people across Wales. Long-term recovery will depend on wider action beyond NRW.



Key evidence

- 45,000+ people engaged through the Natur am Byth Programme to date
- Work delivered across 100 protected sites
- Protected site plans updated and new guidance developed
- Supported national decisions on landscapes, including the Glyndŵr National Park process



Why this matters

More people are involved in protecting nature, and stronger foundations are in place for long-term recovery.

Overall Assessment of Performance

2

Building resilience to climate change

Wellbeing objective 2: Communities are resilient to climate change



Summary

We delivered strongly, maintaining flood defences and improving services that help communities prepare for and respond to risks.



Key evidence

- 90,000+ properties protected by NRW maintained flood defences
- 1,000+ properties benefitting from flood protection through our capital maintenance work
- Achieved carbon literate organisation silver status
- Developed guidance and digital tools to support renewable energy sector and decarbonisation in industry



Why this matters

Communities are better protected and more resilient to flooding and climate risks.

3

Minimising pollution

Wellbeing objective 3: Pollution is minimised



Summary

We made clear progress in improving water quality and strengthening regulation, with more targeted action and faster decisions.



Key evidence

- 507 farms inspected - falling short of our commitment
- 404km of river improved
- 157 investigations into water quality failures
- 95%+ of enforcement decisions made within 3 months
- Prioritised high-risk incidents
- Strengthened partnerships to tackle waste crime and fly tipping



Why this matters

Targeted action is improving environmental quality and helping prevent further damage.

Performance Analysis

This section gives a detailed view of our work in 2025-26, including an analysis of how we have delivered the commitments we set out in our Annual Business Plan, but also a wider assessment of what we have delivered.

Ceri Davies

Chief Executive and Accounting Officer
14 July 2026

3

Understanding this Performance Analysis

Performance in 2025-26

This section provides a holistic view of our performance in 2025-26, going beyond delivery of the commitments set out in our Annual Business Plan.

The Annual Business Plan sets out the priorities and commitments we aim to deliver each year, aligned to our longer-term wellbeing objectives. While it provides a clear framework, it represents only part of our work every year.

Our role spans a wide range of activities, partnerships and services, many of which evolve over longer timescales.

To reflect this, we draw on a broader evidence base and present further detail through the case studies that follow, showing the full breadth of our performance and impact.

We assess performance by reviewing delivery against our commitments, supported by data, evidence and Red-Amber-Green (RAG) ratings. We also consider the total number of commitments, comparing these

with the previous year to provide context for performance trends.

The individual commitments in the Annual Business Plan will change from year to year. Therefore although the year-on-year comparison performance bars enable a comparison with the previous year, these comparisons are not necessarily like-for-like.

This is the first year that we have included year-on-year comparisons of delivery of the Annual Business Plan's commitments. Our 2024-25 Annual Report was the first time we had reported against the Corporate Plan to 2030.

In the pages that follow, RAG colours show how each commitment is progressing. The wording of the actual commitments has been shortened for clarity, with full details and quarterly updates provided in the Annex.

Performance bars

These performance bars show the progress of the commitments in the Annual Business Plan for each wellbeing objective. The top bar shows performance in 2025-26 and the bottom bar shows the position in 2024-25. Each box represents one commitment, and the RAG colour reflects its final status.

Example:

2025-26



2024-25



Dashboards

We also include dashboards that show at-a-glance, using RAG colours how we have delivered against each individual commitment in the Annual Business Plan. Further detail, setting out the full commitments and how we performed on a quarterly basis during the year can be found in the Annex. Following the table, a range of case studies sets out a wider view of how we have delivered for each wellbeing objective.

Progress isn't always immediate. Alongside delivering results this year, much of our work has focused on building the foundations for longer-term change - something brought to life in the case studies.



1

Supporting nature's recovery

Wellbeing objective 1: nature is recovering



Nature recovery is a long-term effort. This year, we've started to see early progress but we are still at the beginning of a much bigger journey.

Our experience in 2025-26 is clear. Where we can act directly, we are making steady gains. We now have better evidence and clearer priorities, helping us understand what is happening to nature - and where to act first.

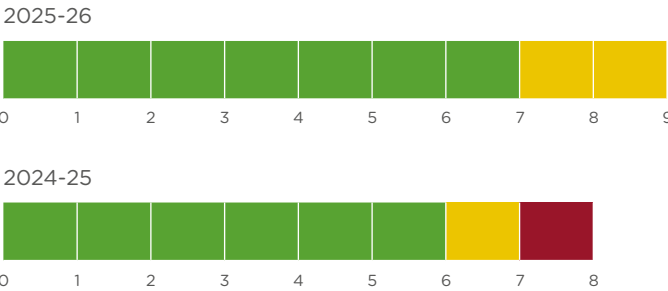
But the scale of the challenge is clear. We've improved over 100 protected sites - but there are more than 1,000 across Wales, and many are still not in the condition they need to be. Reaching them all will take time and sustained effort.

Bigger change is harder. The way land is managed, how decisions are made, and how organisations work together does not shift overnight. That's where progress is slower.

We have laid strong foundations. Plans are in place and awareness is growing - but plans alone won't deliver change.

Our focus now is simple: move from planning to action, improve more sites at scale, and make sure evidence is used in real decisions every day.

We are heading in the right direction. Now we need to pick up the pace.



In 2025-26, seven commitments were rated Green at year end, with two Amber and no Red, compared to six Green, one Amber and one Red in 2024-25.

This reflects improved delivery, with more commitments fully achieved. A small number remain partially achieved, reflecting ongoing work and capacity constraints.

Review Nature Networks to guide future investment	100+ protected land sites improved and 9 marine sites	Prioritise sites for protection to support 30 by 30	
Natur am Byth actions	598ha managed for species recovery	Share condition information on Marine Protected Areas	
Use evidence to shape National Parks and land management		Support the Sustainable Farming Scheme	
Promote use of climate, nature and pollution evidence, including SoNaRR 2025		Test new ways of working with nature on our land and implement No Mow May	Nature positive management across more than 100,000m²
Drive action for nature through suppliers and contracts			

Case study

Natur am Byth supporting species recovery

**Natur
am Byth!**

Adfer rhywogaethau dan
fygythiad yng Nghymru
Saving Wales' threatened species

Thousands of species in Wales face real risk. Many survive in only a handful of places.



3,000
species in Wales
are at risk



45,000+
people across more
than 1,000 locations
engaged with the
project to date



67
priority species
are supported



598
hectares are under
active habitat
management



However, the wider evidence highlights the scale of the challenge. Our Species in Peril report said that around **3,000 species** in Wales are at risk, with some limited to a single site, making them particularly vulnerable.

The Natur am Byth Project brings together partners to focus conservation effort where it is most needed. To date, **598 hectares** are under active habitat management, supporting **67 priority species**, with **over 45,000 people** taking part in activities across **more than 1,000 locations**.

The Natur am Byth programme demonstrates what targeted action can achieve, but reversing long-term decline will require sustained, coordinated effort across Wales, at a much greater scale.

Case study

Balancing development and environmental protection

Water quality in Wales is under pressure from excess nutrients, particularly phosphorous and nitrogen, which damages rivers, estuaries and marine habitats. Some Special Areas of Conservation (SACs) are now significantly affected, with many not meeting environmental targets.

Over many years, nutrients from farming, wastewater and development have built up in the environment and in certain catchments, nutrient levels are high enough to require action. In some areas across Wales this has meant pausing further development proposals while impacts are properly understood and mitigated. The response to this is creating real challenges for councils, developers and communities.

We are supporting local authorities to respond to this challenge by providing clear evidence, guidance and practical tools. This will help decision-makers understand requirements and protect these sensitive sites.

One way to tackle this issue is through an approach called nutrient neutrality. In simple terms, it means new developments must not add extra pollution to places already under pressure. While this sounds straightforward, it can be hard to put into practice without the right tools and support.

The next step is a more joined-up approach within a catchment nutrient recovery plan. This plan encourages closer working with people across the whole catchment and sets out a clear, managed way to protect and restore Wales' special environments - while making clearer options for sustainable development to move forward.



Case study

Preparing for change through farming policy

Farming shapes most of Wales' land, making it central to nature recovery.

Welsh Government's Sustainable Farming Scheme will influence how land is managed in the years ahead. Our preparation has focused on evidence, practical guidance and building delivery capability.

We're helping to shape the scheme's environmental approach, and we will be supporting all farms with land in designated sites, such as SSSIs, that enter the scheme, to put in place a Designated Site Management Plan and agree a practical Schedule of Works with NRW by 2030.

The scheme is still evolving. Its impact will depend on how widely it is adopted and how it is delivered over time. It offers real opportunity, but long-term change will only come through consistent uptake and support.

“

The scheme is still evolving. Its impact will depend on how widely it is adopted and how it is delivered over time. It offers real opportunity, but long-term change will only come through consistent uptake and support.



Case study

Improving protected sites across Wales

Protected sites - on land and at sea - sit at the heart of nature recovery in Wales. They protect the most valuable habitats and species, yet many remain in poor condition, with some still declining.

The Nature Networks Programme is helping to address this through practical, on the ground action and we play a central role in planning, coordinating and delivering activity alongside landowners and conservation partners. During the year, targeted work reached **over 100 protected sites**.

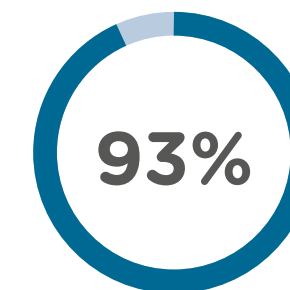
In some areas, better management is beginning to stabilise habitats and support recovery.

However, the scale of the challenge remains significant. Wales has over 1,000 protected sites, and many are still not in favourable condition. While targeted action is making a difference locally, it is not yet at the scale needed and progress on individual sites must be matched by long-term investment and wider system change.



Case study

Nature-positive management: No Mow May



of our managed land adheres to the No Mow May approach

Improving outcomes for nature does not always need large-scale action. Small changes in how land is managed can make a real difference.

Across land in our care, reduced mowing is helping habitats recover. Allowing grass and wildflowers to grow supports pollinators and improves biodiversity. In 2025-26, this approach was applied across 93% of our managed land, where appropriate, while maintaining essential services.

These simple, low-cost actions are delivering clear benefits. However, to achieve change at scale across Wales, similar approaches will need to be adopted more widely by other landowners and sectors.



Supporting nature's recovery

Stories from our local teams

Nature's return: River Thaw, Vale of Glamorgan

Water voles are thriving along the River Thaw in the Vale of Glamorgan. Once in steep decline, their recovery highlights how sustained habitat restoration and conservation action can reverse species loss and restore balance to river ecosystems across South East Wales.



Protecting sensitive habitats: Ynys Môn / Anglesey

An exclusion zone remains in place to safeguard vulnerable wildlife at a key nature reserve on Anglesey. This precautionary approach allows species to breed undisturbed, demonstrating how careful management balances public access with protecting sensitive habitats.

Hidden worlds: Milford Haven, Pembrokeshire

A new study in the Milford Haven Waterway has revealed diverse and unique seabed habitats. These findings are helping guide conservation and management, ensuring marine ecosystems in Pembrokeshire are protected alongside economic activity.



New arrivals: Clocaenog Forest, Denbighshire

Red squirrel numbers are being boosted in Clocaenog Forest through carefully managed reintroductions. This project is helping to secure the future of this iconic native species in North East Wales while contributing to wider conservation efforts.



Saving native species: Powys, Mid Wales

White-clawed crayfish have been released into secure sites in Powys, helping safeguard this threatened native species. By establishing protected populations away from invasive species and disease, this work forms part of a Wales-wide recovery effort.

Opening up rivers: Llanfoist, Monmouthshire

Plans for a new fish pass beneath Llanfoist Bridge in Monmouthshire were shared with the local community, marking an important step towards restoring river connectivity near Abergavenny. The scheme will help migratory fish navigate barriers, supporting healthier ecosystems while reflecting strong local engagement in environmental improvements.



Supporting nature's recovery

Forward look to 2026-27

In 2026-27, the focus will be on building on these foundations to increase delivery at pace and scale. This includes progressing site designations to support the global initiative of protecting 30% of land and sea for nature by 2030.

Given the scale of the task, progress will depend on sustained effort, prioritisation, and working more closely with partners to extend our combined reach beyond NRW's own direct delivery. As this work develops, we will strengthen how we assess early impact and long-term outcomes, alongside continued delivery of activity.



SoNaRR alert!

Despite our action, Wales needs to do more.

What the evidence is telling us

- 1 in 5 species at risk of extinction; many confined to few sites
- Most habitats in poor condition, including protected sites
- Pressures from land use, climate change and pollution remain widespread

What this means

Local improvements are not yet changing the national trend.

Without a step change in how land and sea are managed, nature will continue to decline, with growing impacts on food production, water quality, climate resilience and wellbeing.

We must ensure more consistent, outcome-focused action – from NRW and a wide range of partners and stakeholders across policy, funding, land management and planning to deliver recovery at scale.



2 Building resilience to climate change

Wellbeing objective 2: Communities are resilient to climate change



Building resilience to climate change is one of the biggest challenges facing Wales. This year, we've made real progress - expanding nature-based solutions, supporting renewable energy and helping industry cut emissions, all backed by stronger evidence and better ways of working.

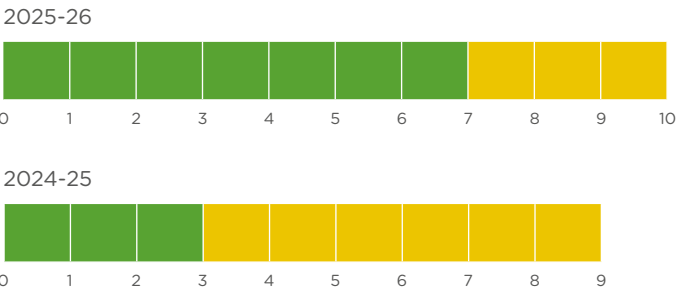
But overall, progress is still too slow as risks from flooding, coastal change and extreme weather continue to grow. While plans are improving, more action is needed now to reduce and adapt to these risks.

Where we've taken action, it's making a difference. Flood protection, better warning

systems and targeted investment are helping communities become safer and better prepared.

However, bigger change is more complex. Managing climate risks depends on long-term planning, investment and joined-up action across sectors. Our focus now is on accelerating delivery - protecting more communities, scaling up solutions and ensuring climate risks are fully considered in decisions on land use and development.

Resilience is improving, but we, and our partners, need to go further and faster to keep pace with the growing risks.



In 2025-26, seven commitments were rated Green at year end, with three Amber and no Red, compared to three Green and six Amber in 2024-25.

This marks a significant improvement in delivery, with a substantial increase in commitments fully achieved and none significantly missed. The reduction in Amber ratings reflects strengthened performance and progress across key areas.

Build capacity and evidence for peatland restoration	Exceeded the 600ha restoration target	Strengthen capacity and evidence to better target marine and coastal restoration	
Implement an integrated Taff catchment approach to support communities at flood risk		Deliver flood projects and maintain protection levels for properties	Schemes at Cardigan, Pwllheli, Porthmadog and Tenby
Improve flood warning and telemetry systems for efficiency and continuity	48,800 properties registered for flood warnings	Ensure flood asset maintenance is prioritised on a risk basis	
Develop low carbon guidance and tools to improve application quality and speed up permitting		Enhance evidence and pre-application advice to improve renewable energy submissions	
Prioritise our actions with the highest greenhouse gas reduction impact	Silver accreditation attained for climate literacy	Implement our net zero plan	

Case study

Delivering peatland restoration at scale for Wales

“

Large-scale peatland restoration is delivering results - and shows how nature-based solutions can work at scale.



600+
hectares of
restored peatlands



£3.8m
of investment supports
The National Peatland
Action Programme

Peatlands cover only 4% of Wales but play a vital role in storing carbon, supporting biodiversity and managing water.

Many are damaged and are releasing carbon instead of storing it.

Our National Peatland Action Programme is scaling up restoration.

Now in its sixth year, it has exceeded its **600** hectare restoration target, supported by **£3.8 million** of investment from Welsh Government.

Recovery is already visible, with habitats improving and species returning. Peatland restoration is a major nature-based solution - locking in carbon, improving water quality and strengthening climate resilience. Continued investment and long-term effort will be essential to expand this work.



Case study

HyNet: Supporting a cleaner future for industry

Cutting emissions from industry is one of the most complex challenges in tackling climate change – and it must be done in a way that doesn't compromise our natural environment.

HyNet is a major infrastructure project aimed at capturing carbon dioxide from industrial sites and storing it safely under Liverpool Bay. It will also support the development of low-carbon and hydrogen technology.

Our role is to make sure that these developments are planned and delivered in a way that safeguards Wales' protected sites, species and people. To do this we provide independent, evidence-based advice, assess environmental risks and regulate activities to make sure development is sustainable.

HyNet spans several sites, including Padeswood, Connah's Quay and Parc Adfer – areas close to sensitive land and marine habitats and internationally important conservation sites. These developments could collectively **capture around 4.5 million tonnes of carbon dioxide each year**, making a significant contribution to emissions reduction.



Given the scale and complexity of the project, we've worked across teams and with partners to make sure the benefits are optimised, while any potential impacts on biodiversity are fully understood and addressed.

Projects like HyNet will play an important part in reducing emissions – but their success depends on integrating climate action with safeguards and opportunities for nature.



4.5m

tonnes of carbon dioxide could be captured each year

Case study

Protecting communities in a changing climate

Flooding is one of the most immediate risks facing Wales. Around one in seven properties are at risk, and climate change is increasing the frequency and intensity of extreme weather.

This year, a **£25 million flood scheme** in Newport was completed, reducing the risk of flooding to more than **2,000 homes and businesses** from tidal flooding and heavy rainfall.

We have continued to develop our flood warning systems. 48,800 properties have registered for flood warnings, giving people time to prepare and reduce impact. However, progress has not gone as far as we planned, and further improvement is needed to ensure warnings are timely, clear and reach those most at risk.

Alongside engineered defences, nature-based approaches are being expanded to reduce pressure on catchments.

As climate risks grow, building resilience will depend on sustained investment, stronger coordination and action at scale.



48,800

properties registered to receive flood warnings



2,000

homes and businesses protected by the Newport flood defence scheme

Case study

Fighting fire in our forests



Wildfires once felt like something that happened far away. But as the climate changes and Wales experiences hotter, drier weather, the risk is growing closer to home. Over the past decade, wildfires have become more common, often flaring up quickly during dry spells.

In April 2025, a serious wildfire broke out near Beddgelert Forest in Eryri National Park. The fire spread across steep, rocky slopes, making it impossible for fire engines to reach. The blaze threatened one of our large commercial forests, with timber worth millions of pounds.

A helicopter was brought in to drop water directly onto the flames, working alongside crews on the ground to bring the fire under control.

Wildfires don't just destroy trees. They put lives at risk, fill the air with harmful smoke, and cause long-term damage to nature. More intense fires can burn into peatlands, releasing stored carbon and undoing years of restoration work in just hours.

We are part of the Wales Wildfire Board, working with fire and rescue services, Welsh Government and police to tackle this growing threat together.

Stay Wildfire Wise

- Never light fires outdoors
- Only use disposable BBQs where permitted and never leave them unattended
- Make sure BBQs are fully out before you leave
- Take all litter home, especially glass bottles
- Never drop cigarettes or matches
- Report any signs of fire immediately by calling 999

Building resilience to climate change

Stories from our local teams

Adapting to change:
Dinas Dinlle, Gwynedd

Coastal works at Dinas Dinlle in Gwynedd are helping to reduce erosion and protect the local environment and community. By stabilising vulnerable sections of coastline, the scheme supports long-term resilience while working with natural processes to adapt to a changing climate.



Protecting communities:
Newport flood scheme

A major flood defence scheme in Newport has been completed, providing improved protection for homes, businesses and infrastructure. The project reduces flood risk for local communities while supporting sustainable urban development in one of South East Wales' key economic areas.

Designing for the future:
Swansea rainscape project

In Swansea, a pioneering rainscape project is setting new standards for climate-resilient communities. By managing surface water through green infrastructure such as rain gardens and permeable surfaces, the scheme reduces flood risk, improves water quality and enhances urban spaces for people and nature.



Building resilience to climate change

Forward look to 2026–27

In 2026–27, priority will be given to scaling up delivery of actions to deal with climate change across Wales. This includes expanding delivery of nature-based solutions across peatland, marine, coastal and catchment environments and strengthening the performance and reach of flood warning services. Work will also continue to support renewable energy development and enable wider application of low carbon technologies through clearer guidance and improved regulatory processes.

Given the scale and urgency of climate change, progress will require a clear focus, careful use of resources, and closer working with partners to achieve more together. We will demonstrate progress through measurable results, including reducing emissions, improving resilience to flooding, and helping nature adapt to a changing climate.



SoNaRR alert!

Despite our action, Wales needs to do more.

What the evidence is telling us

- We are experiencing a warming climate with more frequent and severe weather events
- Increasing flood, drought and coastal risks
- Impacts are already affecting ecosystems, infrastructure and communities

What this means

Risks are rising faster than the overall response, leaving more communities, infrastructure and ecosystems exposed over time.

Stronger, more coordinated progress is needed across adaptation, investment, planning, infrastructure and emissions reduction - alongside scaling up nature-based solutions.



3 Minimising pollution

Wellbeing objective 3: Pollution is minimised



Minimising pollution and preventing environmental harm is a long-term challenge that affects everyone in Wales. It is key to improving the quality of our environment and supporting the health of people and nature. In 2025-26, we strengthened our approach, but progress is still slower than we need.

Targeted action, such as awareness raising, inspections and enforcement and focused work, is helping to improve compliance and deal with some of the most immediate pollution problems. It is also helping us better understand the main pressures on our environment.

Our focus is on tackling the biggest sources of pollution, using our powers effectively, and working with others to address the root causes. The priority now is to turn this into clear, lasting improvements in the quality of Wales’ rivers, seas and land.

But the overall picture remains challenging. Pollution from agriculture, water infrastructure and waste continues to affect rivers, land and ecosystems. In many places, the environment is under sustained pressure, and improvements are uneven.

Bigger change is harder to deliver. Reducing pollution at scale depends not just on regulation, but on changes in behaviour, investment in infrastructure, and coordinated action across sectors. This is where progress is slower and more complex.

We have increased scrutiny and strengthened our regulatory approach. Expectations are clearer, and action is being taken where needed, but this has not yet translated into consistent improvements in environmental quality.



In 2025-26, four commitments were rated Green, with four Amber and one Red, compared to four Green and five Amber in 2024-25. This indicates broadly stable performance, with most commitments achieved or on track, although one area was significantly off track and some remain partially delivered.

Carry out farm inspections to reduce agricultural pollution	507 farm inspections out of 821 target	Conduct compliance visits at priority sites to tackle pollution	
Target regulation of key sectors and waste providers to boost recycling compliance of new workplace regulations	Communications activities reached 18,500 workplaces	Challenge and advise water companies to minimise environmental impacts	Established a water compliance team
Set catchment level ambitions to drive collaborative water quality improvements	157 investigations into Water Framework Directive failures	Prioritise incident response to focus on the most harmful cases	
Improve understanding of pollution drivers to target action effectively		Take investigation and enforcement action to reduce environmental harm	95% of enforcement decisions made within three months
Strengthen partnerships to tackle fly tipping collectively			

Case study

Farm inspections and compliance

Agricultural pollution continues to place significant pressure on water quality across Wales, requiring a balance of regulation, enforcement and support.

We did not meet our planned inspection targets this year, and performance is rated red. We completed **507 farm inspections**, against a target of 821 with many needing follow-up.

As a result, we prioritised resolving the most serious issues, carrying out additional visits rather than increasing the number of new inspections. This has focused effort where risk is highest.

Capacity is still under pressure, but we are recruiting and training more people to help us deliver more.

Levels of non-compliance remain high, and sustained effort with farmers and the wider food sector will be needed to improve performance over time.



507
inspections
completed



Case study

Workplace recycling

New Workplace Recycling Regulations are driving change across businesses in Wales.

Around **18,500 workplaces** have been reached through targeted regulation and communications. Early progress shows improved waste separation and growing awareness.

We visited **476 businesses** across Wales to assess compliance with the Regulations and to give advice on how their recycling can be improved. We also investigated **69 incidents** of businesses reported to be non-compliant with the Regulations.

Some sectors are finding change more difficult, highlighting where support and enforcement need to be strengthened. Achieving consistent improvement will require sustained effort across all sectors.



18.5k
workplaces have
been reached



Case study

Water company performance

“
Our latest Annual Performance Assessment rated Dŵr Cymru as a **two out of five star** company meaning that significant improvement is needed.

Water systems across Wales are under increasing pressure from climate change, ageing infrastructure and rising demand. Public concern about water quality is high, and rightly so.

We regulate water companies to protect water quality and manage these risks, while increasing oversight of environmental performance through advice, challenge and scrutiny. We can, and do, take enforcement action when necessary to drive environmental improvements.

This year, we made a step change in our compliance assessment work and established a new water compliance team to audit and assess water company discharges across Wales.

Our latest Annual Performance Assessment rated Dŵr Cymru as a **two out of five star** company meaning that significant improvement is needed in their environmental performance, including the number of pollution incidents and delivery of planned improvements. Hafren Dyfrdwy, while smaller, also continues to be monitored closely.

Through the five yearly Price Review (which sets how much water companies can invest and the improvements they must deliver over a five-year period) we, together with Dŵr Cymru, helped secure **£1.7 billion of investment to 2030** - almost **six times higher** than the previous period. This funding is intended to upgrade treatment works, reduce pollution and tackle storm overflows.

This creates the conditions for improvement, but delivery is now critical. We continue to monitor, inspect and take action where needed.

Expectations of companies are rising, and better performance is needed to achieve the environmental improvements we all want.



£1.7 billion

of investment
to 2030



6x

higher than the
previous period

Case study

Bathing water quality: Protecting places people love



Bathing waters are some of Wales' most valued natural places, supporting wildlife, communities and local economies.

Each summer, we monitor water quality at designated beaches, rivers and lakes to track conditions and identify pollution risks.

Results remain strong. **In 2025, 110 out of 112 sites met required standards**, with most rated Excellent or Good. Newly designated sites also performed well in their first year.

This reflects sustained work across the system - regulating discharges, working with water companies and reducing pollution at source.

At some sites, real-time forecasting provides clear advice to help people decide when and where to swim safely.

Standards are being maintained, but pressures are increasing. Continued effort and strong partnerships will be needed to protect these places over time.



“
**Results remain strong.
In 2025, 110 out of
112 sites met required
standards.**

Case study

Tackling waste crime



Some waste crime is organised, profit-driven criminal activity that can involve illegal dumping sites, hazardous waste, stockpiling and unlawful carriers. We are working with partners, including the Welsh Revenue Authority, to tackle waste crime.



“

Partnership working is improving how waste crime is identified and addressed.

This includes sharing intelligence, strengthening enforcement and targeting organised activity that damages the environment and undercuts legitimate businesses.

Partnership working is improving how waste crime is identified and addressed. Reducing it at scale will require sustained enforcement and coordinated action across the system.

Case study

Responding to Environmental Incidents



“

We play a central role in responding to environmental incidents across Wales, working with emergency services and partners.



10.5k+
reports of
environmental incidents



171
of these caused
serious impact



~95%
were attended
within four hours

This year, we responded to **10,504 reports of environmental incidents**, of which 171 caused serious impact. Around **95% high priority incidents** were attended within four hours.

Changes to how incidents are prioritised and managed are helping us better target the most harmful environmental incidents and improve the evidence we use to take action. This means we can focus more on the most serious risks. These changes are also freeing up some staff time, allowing more focus on planned compliance visits.

However, more work is needed to fully embed these new ways of working and to strengthen how we work with partners, including better coordination and a clearer understanding of what causes incidents.

Demand remains high. Many incidents are linked to wider environmental pressures, including waste crime and water pollution.

Responding effectively is only part of the solution. Reducing the number and severity of incidents will depend on preventing harm at source and working more closely with partners.

Protecting the environment depends on how effectively we minimise pollution and respond when incidents occur.

We play a central role in responding to environmental incidents across Wales, working with emergency services and partners.



Case study

Assessing compliance

Strong regulation underpins environmental protection, ensuring that standards are met in practice, not just in policy.



80
prosecutions



2,062
site visits to check
compliance



1,432
desk assessments
undertaken

This year, compliance activity included **2,062 site visits** and **1,432 desk assessments** to check compliance with permit and consent conditions. These help identify risks early and ensure operators are managing their impact appropriately.

Where standards are not met, action is taken. Enforcement activity targeted the most serious risks, with action taken against **619 organisations and 636 individuals**, including around **80 prosecutions** covering more than **112 offences**.

This reflects a risk-based approach - prioritising effort where environmental harm is greatest.

In some cases, this is leading to improvements in compliance. However, issues persist across sectors, and incidents continue to occur, often driven by wider pressures such as waste and water pollution.

Maintaining high levels of compliance will require continued enforcement, alongside clearer expectations, stronger monitoring and greater responsibility from operators. Regulation is an essential lever - but long-term improvement depends on consistent compliance across the system.

Case study

Tackling landfill emissions



Landfill sites can be a source of concern for local communities across Wales, particularly where there are worries about odours, landfill gas emissions and their impact on the environment. Landfill gas which is produced as waste breaks down in landfill, is made up primarily of methane and carbon dioxide - both powerful greenhouse gases. Reducing emissions from landfill sites is therefore an important part of tackling climate change while also responding to concerns from people living near these sites.

The Landfill Emissions Reduction Programme (LERP), specifically funded by Welsh Government helps achieve this by carrying out detailed audits of landfill sites across Wales. These audits identify landfill gas leaks, assess how effectively landfill gas is being captured, and highlight improvements that site operators can make to reduce emissions.

Since 2021, the number of sites reporting landfill gas data has increased from 17 to 30, adding information on a further 17 million m³ of landfill gas to national records. Better data provides a clearer picture of where emissions can be reduced, enabling targeted action to improve gas capture and prevent methane from escaping into the atmosphere. Between 2021 and 2025, these improvements are estimated to have prevented more than 5,000 tonnes of methane emissions.

The programme has also delivered wider benefits, including upgrades to landfill gas infrastructure, fewer odour complaints from local communities, and opportunities to capture gas from additional sites. Looking ahead, LERP is exploring innovative technologies, including methane imaging and satellite monitoring, to improve the detection of emissions and further reduce landfill-related methane emissions across Wales.

Minimising pollution

Stories from our local teams

Protecting sensitive habitats: Helicopter airlift

In the Cambrian Mountains, a helicopter airlift has been used to support essential pollution prevention work while protecting rare and sensitive habitats. By avoiding ground disturbance in fragile areas, this approach ensures vital environmental improvements can be delivered without damaging the ecosystems they are designed to safeguard.



Reducing waste: Farm plastics scheme

A new scheme tackling farm plastic pollution is being rolled out across rural areas of Powys and Ceredigion. By improving recycling and disposal practices on farms, the initiative is helping prevent plastics entering rivers and soils while supporting more sustainable land management.



Community action: Henllan Brook, Denbighshire

At Henllan Brook near Denbigh, local community action is helping to protect and improve the river environment. Through partnerships and hands-on involvement, this work is enhancing habitats, reducing pollution and strengthening local stewardship of natural resources.



Improving water quality: Conwy

In the Conwy valley, work is underway to improve water quality while reconnecting habitats across the catchment. By tackling pollution sources and restoring natural links between river environments, the project is supporting wildlife recovery and building healthier, more resilient ecosystems.

Tackling hidden pollution: Cardiff

Across urban areas of Cardiff, targeted action is addressing hidden pollution caused by property misconnections, where wastewater enters rivers instead of sewers. Focusing on key catchments such as the Taff and Ely, this initiative is reducing pollution and improving water quality in South East Wales.



Minimising pollution

Forward look to 2026–27

In 2026–27, we will step up the scale and rigour of our regulatory action, with a sharp focus on driving compliance in the highest-risk sectors. This means more farm inspections, backed by persistent follow-up where standards are not met, completing all planned assurance work with water companies, and consistently applying a tougher, risk-based approach to incident response and enforcement.

Delivering this will require sustained focus and discipline, using data and intelligence far more effectively to target effort where it matters most. Working more closely with partners and ensuring consistent action across teams will be critical. This is about securing real change on the ground: improving compliance, tackling pollution at source, and delivering tangible improvements for the environment.



SoNaRR alert!

Despite our action, Wales needs to do more.

What the evidence is telling us

- Only around 40% of rivers, lakes and seas are in good condition
- Ongoing pollution from waste water, farming, industry and urban sources continues to impact rivers, land and seas
- Pollution and infrastructure pressures remain significant

What this means

Reducing pollution at source requires stronger, coordinated action across sectors, supported by effective regulation, investment and incentives.



Improving how we work for nature and people

This year, we developed a new wellbeing objective focused on how we work for nature and people. It aims to build an organisation that is trusted by colleagues, customers and partners; effective in making timely, evidence-based decisions; collaborative in our working as well as fit for the future.

This sets the direction for improving how we make decisions, deliver services and work together.

This section highlights some of the progress already underway and begins to map the work that will sit under this objective from 2026-27.



Case study

Enabling sustainable development

Getting the right advice at the right time can make a big difference. It can help a project move forward - or cause delays if it's missed. The Planning and Permitting Service supports development across Wales while making sure people and the environment are protected. The aim is simple: give clear, timely advice so decisions on sustainable development can be made with confidence.

Developers and partners need guidance that is easy to follow. By getting involved early, environmental issues can be built into plans from the start. This helps avoid delays, reduce costs and lead to better outcomes for everyone.

Over the past year, **2,647 permits** were issued across areas like industry, waste, water and marine activity. At the same time, **7,859 planning consultations** were handled, helping to spot issues early and avoid problems later.

Performance has remained strong. **Responses were delivered on time for 98% of major planning applications and 99% of minor ones. Around 87% of permits were decided within target times**, with ongoing work to improve this further where needed.

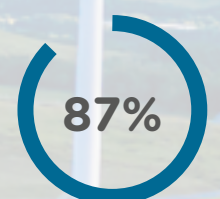
Work is now focused on making the service even clearer and more joined-up. By supporting policy and plan development, improving communication and linking planning advice more closely with permitting, it becomes easier for applicants to understand what is needed - and move projects forward while protecting the environment.



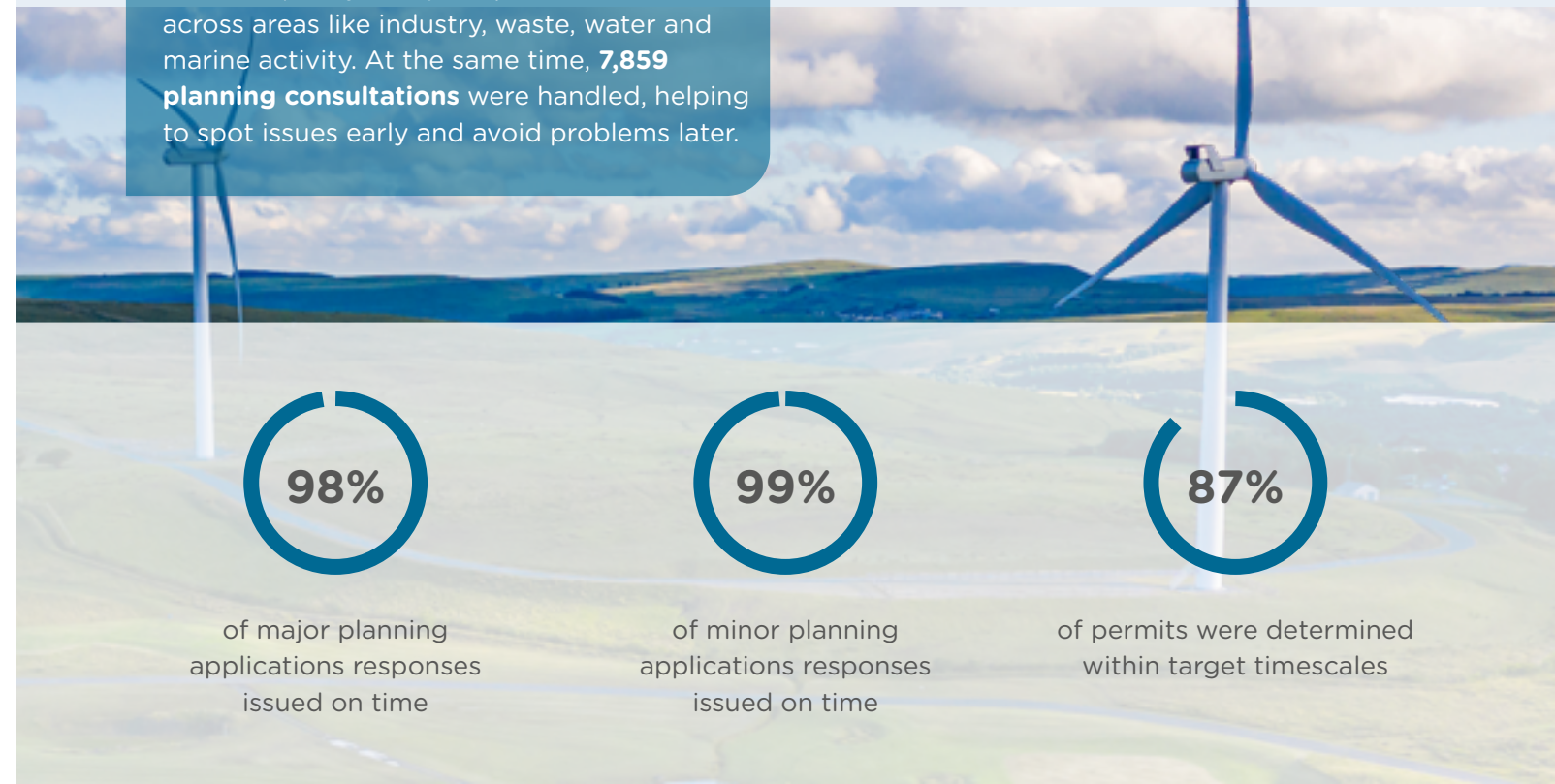
of major planning applications responses issued on time



of minor planning applications responses issued on time



of permits were determined within target timescales



Case study

Sustainable timber: Managing a national asset

The Welsh Government Woodland Estate, which we manage, is a major national asset, providing timber, supporting jobs and contributing to climate goals.

In 2025-26, we supplied over 559,000 tonnes of certified timber, generating £31.3 million of income. This is reinvested into managing the estate, including replanting, habitat management and public access.

Timber supply also supports the wider economy. NRW accounts for around 53% of Wales' timber production, contributing to a sector worth £614 million to Wales' economy and supporting over 10,000 jobs throughout the sector.

This year, activity also supported recovery from Storm Darragh, helping process damaged timber and maintain access for local communities.

The amount we're able to harvest from our estate is influenced by external factors, including market conditions, extreme weather and supply chains.

Balancing timber production with biodiversity and climate resilience remains an ongoing challenge.

This work shows how well-managed forests can deliver economic, environmental and social value - while requiring careful management to sustain that balance over time.



53%

of Wales' timber production comes from NRW.



10,000+

jobs supported throughout the sector

Case study

Responding to feedback



We continue to respond effectively to feedback and concerns. Most issues raised with us are resolved early, and 97% of complaints were handled on time. We also received 73 commendations, showing many positive experiences across our work.

These results indicate that when problems arise, we deal with them well.

However, feedback also highlights the need to improve consistency, clarity and timeliness in our services. While individual interactions are often positive, experience can vary across different areas.

Improving these aspects will be important to ensure people have a more consistent and reliable experience when engaging with us.



97%
of complaints were
handled on time



73
commendations
received, showing
positive experiences
across our work

Case study

Conversations with NRW: Listening and working differently

Protecting Wales' environment depends on strong relationships with the people and communities we serve.

This year, we introduced *Conversations with NRW* - events designed to enable open, direct discussion with staff and Board Members.

The first event in Aberystwyth brought together over 60 participants to discuss local challenges and national priorities. Feedback highlighted the value of open dialogue and direct access to expertise.

These events are part of a wider shift towards more open, two-way engagement. They are helping us better understand local priorities, build trust and improve how we work.





Improving how we work for nature and people

Perceptions of our work

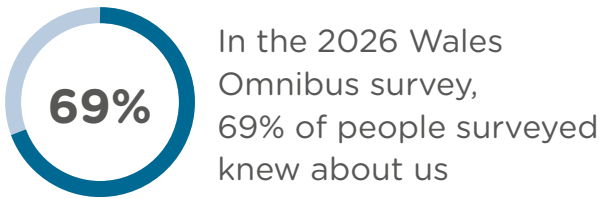
Awareness, understanding and trust shape how well we can work with people and partners across Wales. While many people have heard of NRW, there is more to do to help them understand what we do and what to expect from us.

Around seven in ten people in Wales know about us. Our staff are widely seen as knowledgeable, committed and trusted, giving us a strong base to build from.

However, understanding of what we do is more limited. Only 11% of people say they know a lot about NRW, while many know only a little or nothing beyond the name. This lack of clarity is also reflected in stakeholder views.

Our 2026 stakeholder audit shows a mixed picture. While 44% of organisations view us positively, 34% hold negative views. Year-on-year, both awareness and positive opinion have declined slightly.

At the same time, recognition of our core responsibilities remains high. This suggests the issue is not what we stand for, but how clearly and consistently we communicate our role and how we work with others. Improving clarity, consistency and ease of engagement will be key to closing this gap and building on the trust our people have already established.



Improving how we work for nature and people

Our call to the next Senedd: Setting the environmental agenda

This year, we took a more proactive approach to influencing environmental policy in Wales. Through the “10 Senedd Asks”, we set out clear priorities for the biggest challenges facing the environment.

Instead of reacting to individual issues, we focused on shaping the wider conversation. We engaged directly with politicians and advisers, using clearer, simpler language to explain both the challenges and the action needed.

This approach helped open up discussions and make complex issues easier to understand. It also supported better conversations across government and with partners.

The 10 Asks brought together evidence and experience from across NRW. They helped set priorities, support policy development, and encourage organisations to work together on shared challenges.

As a result, there is now greater focus on long-term, system-wide issues such as land use, investment in nature and the sustainable use of resources.

By setting a clear agenda, we are helping shape better decisions for the future.



- 1 Create a National Land Use Strategy to balance climate, wildlife, food security, housing, and energy needs.
- 2 Give regulators stronger civil sanction powers to act quickly and hold polluters accountable.
- 3 Phase out harmful PFAS (‘forever chemicals’) in non-essential uses and set legal limits for water contamination.
- 4 Support circular economy models, making businesses responsible for products after use.
- 5 Invest in climate resilience and energy efficiency, embedding both in planning rules.
- 6 Set up a Welsh Green Investment Fund for nature recovery and clean infrastructure.
- 7 Stop building on floodplains, reviewing current and new sites with stricter rules.
- 8 Deliver a National Green Skills Strategy, funding apprenticeships and re-skilling for green jobs.
- 9 Make all public bodies plan for climate risks and future-proof their services.
- 10 Unify Nutrient Management Planning to reduce pollution and protect soil, water, and air.

Improving how we work for nature and people

Our sustainability journey

Our Net Zero Plan is our roadmap for cutting greenhouse gas emissions and playing our part in creating a low carbon future for Wales. It sets out the practical steps we're taking to reduce emissions across everything we do – from the vehicles we drive and the energy we use, to the goods and services we buy.

The plan focuses on reducing emissions from our day-to-day activities, including how we manage land, travel, use our buildings and work with suppliers. At the same time, it supports the protection and growth of natural carbon stores, such as woodlands and peatlands, which play a vital role in tackling climate change. Clear goals and outcomes help us stay on track.

As a public body, it's important that we lead by example. Reducing emissions will help slow the effects of climate change, while healthier

ecosystems can store more carbon and better cope with extreme weather. More sustainable ways of working can also reduce costs and make us more resilient in the long term.

For people and communities across Wales, the benefits are wide ranging. Taking action on climate change can help reduce risks such as flooding and extreme heat, whilst also supporting cleaner air, healthier places to live and work and stronger local economies.

Our influence goes beyond our own footprint. Through our advice, regulation and partnerships, we help businesses, organisations and communities take action to reduce emissions and adapt to a changing climate. This helps drive positive action across Wales.

Progress in 2025-26

We have made significant progress in several key areas:

- Transport: expanding the electrification of the car and small van fleet by installing more EV charging points and replacing diesel vehicles at scale
- Buildings: developing plans to introduce low carbon heating at key sites and developing a tool to assess the climate risks to our buildings
- Land management: continuing to increase the hectareage of degraded peatlands restores, helping to reduce carbon emissions and improve habitat resilience

- Supply Chain: working with some of our largest suppliers to reduce emissions and introducing carbon reporting requirements for larger contracts.

Our Net Zero Plan is designed to deliver steady progress over the long term. By setting clear actions, monitoring performance and learning from our experiences, we can continue to improve and increase our impact.

Put simply, it's about reducing our impact on the climate while helping to create a Wales that is healthier, stronger and better prepared for the future.



What affected our performance in 2025-26

We are focused on delivering the best possible service for Wales.

The Board sets the overall direction and holds the organisation to account. Day-to-day delivery is led by the Chief Executive and Executive Team, who manage performance, risk and the use of resources.

More detail on how we are governed, including the role of the Board, its committees and the Executive Team, is provided in the Accountability Report.

As this Performance Report shows, our work in 2025-26 reflects both strong delivery and a challenging operating environment.

Rising demand and system pressures

Demand for our services continued to grow during the year, particularly in areas such as water regulation, flood risk management and development planning advice.

At the same time, the environmental challenges we are addressing are becoming more complex and interdependent.

This means that:

- more activity is needed to deliver the same outcomes
- progress often depends on action by partners and wider systems
- some changes, particularly in nature recovery and water quality, take time to become visible.

Capacity and workforce

We continued to recruit into priority roles, strengthening capability in key areas.

However:

- volume of recruitment and support for new staff placed short-term pressure on teams
- specialist skills remain in high demand
- time is needed for new staff to become fully effective

We responded by prioritising high-risk work, using flexible workforce models and strengthening training and support. These actions have helped stabilise delivery, although capacity continues to affect the pace of progress in some areas.



What affected our performance in 2025-26

Dependence on wider delivery

Many of the outcomes we are working towards depend on action beyond NRW, particularly for:



nature recovery



water quality



climate resilience,
including flooding,
drought and wildfires

Key risks influencing delivery

A small number of key risks continued to impact and shape performance during the year:

- demand exceeding capacity in some services
- workforce and skills pressures, particularly in specialist areas
- dependence on partners and wider systems to deliver shared outcomes
- limitations in data and digital systems, affecting efficiency and insight.

We managed these risks through prioritisation, improved performance and risk management, and targeted investment in capability and systems.

Further information about risks and risk management is provided in the Accountability Report.

Improving how we deliver

Alongside delivery, we have strengthened how we operate by:

- improving planning and prioritisation
- strengthening the use of evidence to target effort
- enhancing performance and risk management
- investing in digital systems and data

These changes are supporting more effective delivery and will help improve consistency and impact over time.



Our people

At 31 March 2026, we employed 2,492 people. Over the year, we brought in new staff for priority roles. This helped strengthen our services, although it also meant teams spent time supporting and training new colleagues.

We are building a workforce that is flexible and ready for change. We use fixed-term roles, temporary staff and specialist support when we need it. This helps us respond quickly, manage risks and avoid large-scale changes to the organisation.

Staff turnover stayed stable at 5.7% (2024-25: 6.2%). This shows we have a steady workforce, while still bringing in fresh ideas and skills.

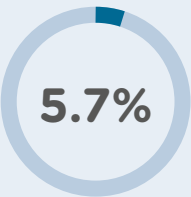
We are also focused on creating a fair and inclusive workplace where everyone feels valued and able to contribute. We know that different backgrounds and perspectives help us make better decisions and better serve the people of Wales. During the year, we introduced a new recruitment system to improve people's experience and help us better understand our

workforce. We are also developing new graduate and apprenticeship programmes to open up opportunities to a wider range of people.

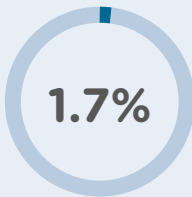
Our gender pay gap remains low at 1.7%, and all pay is above the Real Living Wage. A 3.72% pay award was made during the year. However, we recognise that representation from ethnic minority backgrounds remains low, and we are continuing to take steps to improve this.

Welsh language skills are an important part of who we are. Around 23% of colleagues are fluent in Welsh, and 31% can work in Welsh. During the year, 139 colleagues improved their language skills, and 76% completed Welsh Language Awareness training. Initiatives like Clwb Clebran are helping people use Welsh more in their everyday work.

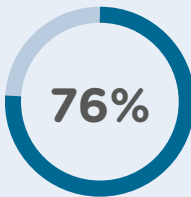
We have also introduced new policies, including support for carers, and continued to invest in learning and leadership. Together, this is helping us build a workforce that is skilled, inclusive and ready for the future.



Staff turnover stayed stable at 5.7%



Our gender pay gap remains low



of colleagues completed Welsh Language Awareness training



The Cynrig Hatchery team were named the St David Awards Environmental Champions 2026.

Financial overview

We managed our finances carefully during the year, maintaining a stable position while responding to increasing demand and environmental pressures.

Our total funding was £288 million, made up of:

- **£149m from Welsh Government grant-in-aid funding**, supporting our core responsibilities
- **£139m from charges, specific Welsh Government grants and other income**, reflecting our regulatory role and partnership working.

We used these resources to deliver our priorities and maintain essential services across Wales.

Spending was focused on:

- **£135m - 41% on staff costs** providing the people and specialist skills needed to deliver regulation, operations and evidence
- **£131m - 40% on operational delivery** including day-to-day services such as flood risk management, environmental protection and land management
- **£62m - 19% on capital investment** supporting long-term infrastructure, assets and improvement programmes

In total, our expenditure was **£328m**.

Our spending appears higher than our income, but this is expected. This is because Welsh Government applies additional ringfenced budget specifically for accounting adjustments, including things like:

- depreciation (the changing value of assets over time)
- dension costs
- other technical accounting changes

These do not reflect everyday cash spending, but they are included in the accounts, which is why the total spend is higher.

This investment has allowed us to:

- deliver against the commitments in our Annual Business Plan
- maintain core services under pressure
- strengthen capability in priority areas such as water quality, evidence and flood risk

We maintained strong financial control during the year through clear prioritisation, regular monitoring and improved forecasting. This has allowed us to remain financially stable while responding to increased demand and a challenging operating environment.

A more stable position

In 2025-26, Welsh Government recognised the impact of inflation in our funding settlement. This helped us maintain services and invest in key areas.

We also received targeted funding for shared priorities, including work on coal tips, reservoir safety, and preparing for new responsibilities such as the Infrastructure Consenting Act and the Sustainable Farming Scheme.

We continued to invest in externally funded programmes. Income from timber and renewable energy stabilised at £31 million and £19 million respectively, despite ongoing economic and geopolitical uncertainty. Charge income also increased moderately, in line with the principle that charges recover the cost of services.

Strong financial control remained a priority throughout the year. Our budget was approved by the Board and closely monitored by the Executive Team and Board, supported by improved forecasting and regular review. This has enabled us to remain stable in a challenging environment.

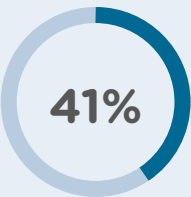
Payment and debt performance

We continued to manage payments and income effectively during the year.

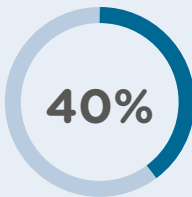
- **Paying suppliers:** we aim to pay 95% of suppliers within 30 days. This year we exceeded that target, paying 98% on time.
- **Money coming in (debtors):** the average time for timber customers to pay was 2 days, slightly higher than last year (0.75 days) but still within our target.
- **Regulatory debt:** the level of outstanding regulatory debt across all income streams improved, falling to 7.6%, close to our 7.5% target and better than last year (7.89%).

However, demand for our services and the scale of environmental challenges continue to exceed available resources. This reinforces the need to:

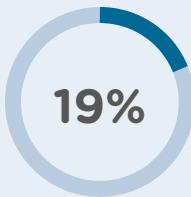
- prioritise activity where it has the greatest impact
- improve efficiency and value for money
- work with partners to deliver outcomes at scale.



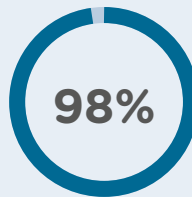
on staff costs



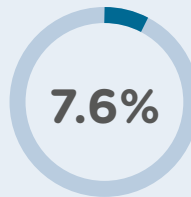
on operational delivery



on capital investment



of suppliers paid on time



of regulatory debt

Annex

2025-26 Annual Business Plan – list of detailed commitments to deliver our wellbeing objectives

These tables set out the full list of commitments we made in the Annual Business Plan for 2025-26, together with the quarterly performance against these commitments using a RAG basis.

Further information about how we delivered against these commitments and how they contribute towards the delivery of our wellbeing objectives and our Corporate Plan can be found in the Performance Analysis report.



2025-26 Annual Business Plan commitment:	2025-26			
	Q1	Q2	Q3	Q4

Supporting nature’s recovery

(WBO1: Nature is recovering)

C1: Implement priorities in the NRW Nature Networks programme to maintain and improve the effective management of protected sites				
C2: Synthesise evidence to identify priorities for notification and renotification of sites contributing to the 30:30 target				
C3: Review the Natur am Byth partnership programme’s 4-year delivery plan to evaluate, and as appropriate, refine, action for species most at risk of extinction in the final two years of programme				
C4: Communicate and build understanding of the condition of the Marine Protected Area Network to inform targeted action and improvements				
C5: 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				
C6: Develop the capacity and capability within NRW to ensure the successful implementation of the Sustainable Farming Scheme, delivering multiple benefits and opportunities for nature and people				
C7: Implementing No Mow May, piloting new approaches to working with nature on the land and assets that we manage, identifying prioritised recommendations				
C27: Advocate and support the use of the latest climate, nature and pollution evidence (including the interim SoNaRR Report 2025) in decision making amongst our public and third sector partners to facilitate a collaborative approach to delivery.				
C28: Increased awareness and understanding of opportunities to drive action for nature, climate and pollution minimisation via our suppliers and partners delivered through our Procurement and Contracts Strategy				

2025-26 Annual Business Plan commitment:	2025-26			
	Q1	Q2	Q3	Q4

Building resilience to climate change

(WBO2: Communities are resilient to climate change)

C8: Invest in capacity building to enable delivery in 2025-26 and future expansion of the National Peatland Action Programme				
C9: Strengthen capacity and evidence informing spatial prioritisation to enable effective future restoration within marine and coastal habitats				
C10: Develop an integrated catchment approach in the Taff using the 'Taff Catchment Strategic Flood Management Plan' to facilitate collaborative action to support communities at risk of flooding				
C11: Review the prioritisation approach for flood asset maintenance and management to ensure our investment is risk based				
C12: Deliver capital projects and sustain levels of protection for properties to reduce flood risk				
C13: Improve the Flood Warning Service and Telemetry System to deliver efficiencies and maintain continuity of service to customers				
C14: Development of advice, guidance and tools on low carbon techniques and infrastructure, including Carbon Capture and Hydrogen, to improve the quality of applications submitted by industry and reduce the length of time to determine individual permit applications				
C15: Enhance evidence, guidance and pre-application advice to improve the quality of submissions for planning permissions and permit/licence applications				
C16: Prioritise actions with the greatest cost benefit on carbon dioxide equivalent (CO2e)/ greenhouse gases (GHGs) to deliver our annual prioritisation within the Net Zero Plan				
C17: Implement prioritised actions in the NRW Net Zero Delivery Plan 2025-30 (relating to scope 3 emissions in our supply chain)				

2025-26 Annual Business Plan commitment:	2025-26			
	Q1	Q2	Q3	Q4

Minimising pollution

(WBO3: Pollution is minimised)

C18: Undertake farm inspections under Agriculture Pollution Regulations, in line with the enforcement sanctions policy to reduce pollution				
C19: Undertake compliance visits at prioritised regulated sites to reduce pollution				
C20: Implement targeted regulatory activities for key business sectors and waste service providers to improve compliance with the Workplace Recycling Regulations				
C21: Provide challenge and advice to water companies to ensure their investment programmes reduce the risks and impacts of their operations on the environment				
C22: Set the ambition for water quality improvements at a catchment scale to build collaboration and deliver prioritised action				
C23: Embed changes to incident management approach and ways of working to enable a prioritised response to incidents focussing resource to those which cause the most harm				
C24: Enhance our understanding of the drivers of pollution incidents across Wales to inform the actions needed to minimise pollution and ensure our incident response is targeted and effective in support of that aim				
C25: Undertake investigation and enforcement action to minimise environmental harm				
C26: Strengthen ways of working with Local Authorities and third sector partners to maximise collective action on fly-tipping				

Accountability Report

This Accountability Report explains how NRW has been governed and how it has met its responsibilities for the use of public money during the year.

Ceri Davies

Chief Executive and Accounting Officer
14 July 2026

4

An introduction to our governance

This report explains how we were governed during the year and how we used public money.

It shows:

- how decisions are made
- how performance and risk are managed
- how we are held to account

It brings together the information needed by the Senedd, Welsh Government and the public to understand how we operate.

This report meets the requirements of Managing Welsh Public Money and the Government Financial Reporting Manual (FReM).

What this report includes

It has three parts:

1

Corporate Governance Report

How we are led and how decisions are made and overseen

2

Remuneration and Staff Report

Pay for Board members and senior staff and workforce information

3

Parliamentary Accountability and Audit Report

Financial accountability and external audit

Our Chief Executive is designated as NRW's Accounting Officer and is personally responsible for ensuring that public funds are properly managed and that the organisation maintains accurate accounts.

The following statement sets out these responsibilities, including the requirement to prepare accounts that are fair, balanced and understandable.

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 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.

1

Corporate Governance Report

This report explains out how we manage governance, risk and assurance. It sets out how responsibilities are defined, how decisions are made and overseen, and how we maintain effective systems of internal control.



1.

Overview

Governance overview

Governance is how we direct and control the organisation to deliver our statutory responsibilities. It includes how we set priorities, make decisions, oversee delivery and manage risk.

Our governance arrangements support delivery of our Corporate Plan and Annual Business Plan, and our role in the sustainable management of natural resources.

Our statutory framework

We are a statutory body established by the Natural Resources Body for Wales (Establishment) Order 2012. Our functions are set out in legislation, including the Natural Resources Body for Wales (Functions) Order 2013 and other relevant statutory provisions.

This defines our role, powers and responsibilities, including environmental regulation, land management and the sustainable management of natural resources.

We operate independently as an Arm’s Length Body, within the governance and accountability arrangements set by Welsh Government.

Our accountability

We are accountable to Welsh Government. This relationship is set out in our Framework Document and Term of Government Remit Letter, which define our priorities and expectations.

We are also accountable to the Senedd. Senedd Committees review our work, and our Chair and Chief Executive and senior leaders may be called to give evidence on our performance.

During 2025-26, our Chair, Chief Executive and Director of Finance and Corporate Services gave evidence to the Climate Change, Environment and Infrastructure Committee. We also submitted written information to support the committee’s work.

We publish information on our decisions and performance, and report publicly through our Annual Report and Accounts.

Our governance structure

Our governance arrangements bring together the Board, its committees and the Executive Team:

- the Board provides strategic direction and oversight
- committees provide detailed scrutiny and assurance
- the Executive Team delivers priorities and manages risk.

Together, these arrangements support effective decision-making, strong oversight and clear accountability.

Our Board

The Board provides our overall leadership. It sets the organisation’s strategic direction and oversees delivery and performance, including the use of public resources.

The Board:

- sets strategic priorities and approves key plans and strategies
- holds the Executive Team to account for delivery
- oversees risk, performance and the use of resources
- ensures effective governance and internal control arrangements are in place

The Chair leads the Board and ensures that it operates effectively, with a clear focus on its priorities and responsibilities.

During the year, the Board focused on:

- delivery of our Corporate Plan
- strengthening risk management and assurance
- financial sustainability and prioritisation of resources
- organisational development, including workforce and capability
- oversight of major operational and environmental risks

1.

Overview

Corporate Governance Report

Our Board's Committees

The Board is supported by committees that provide detailed scrutiny and assurance.

Each committee operates within agreed terms of reference, is chaired by a non-executive member, and reports regularly to the Board, providing assurance within its area of responsibility.

Further information regarding the Board's committees is set out below.

Our Chief Executive and Accounting Officer

Our Chief Executive is the Accounting Officer, and is personally responsible for:

- the proper use of public funds
- efficiency and effectiveness
- maintaining sound systems of governance, risk management and internal control
- preparing the Annual Report and Accounts.

The Chief Executive is supported in this role by the Executive Team and by the assurance provided through the Board and its committees.

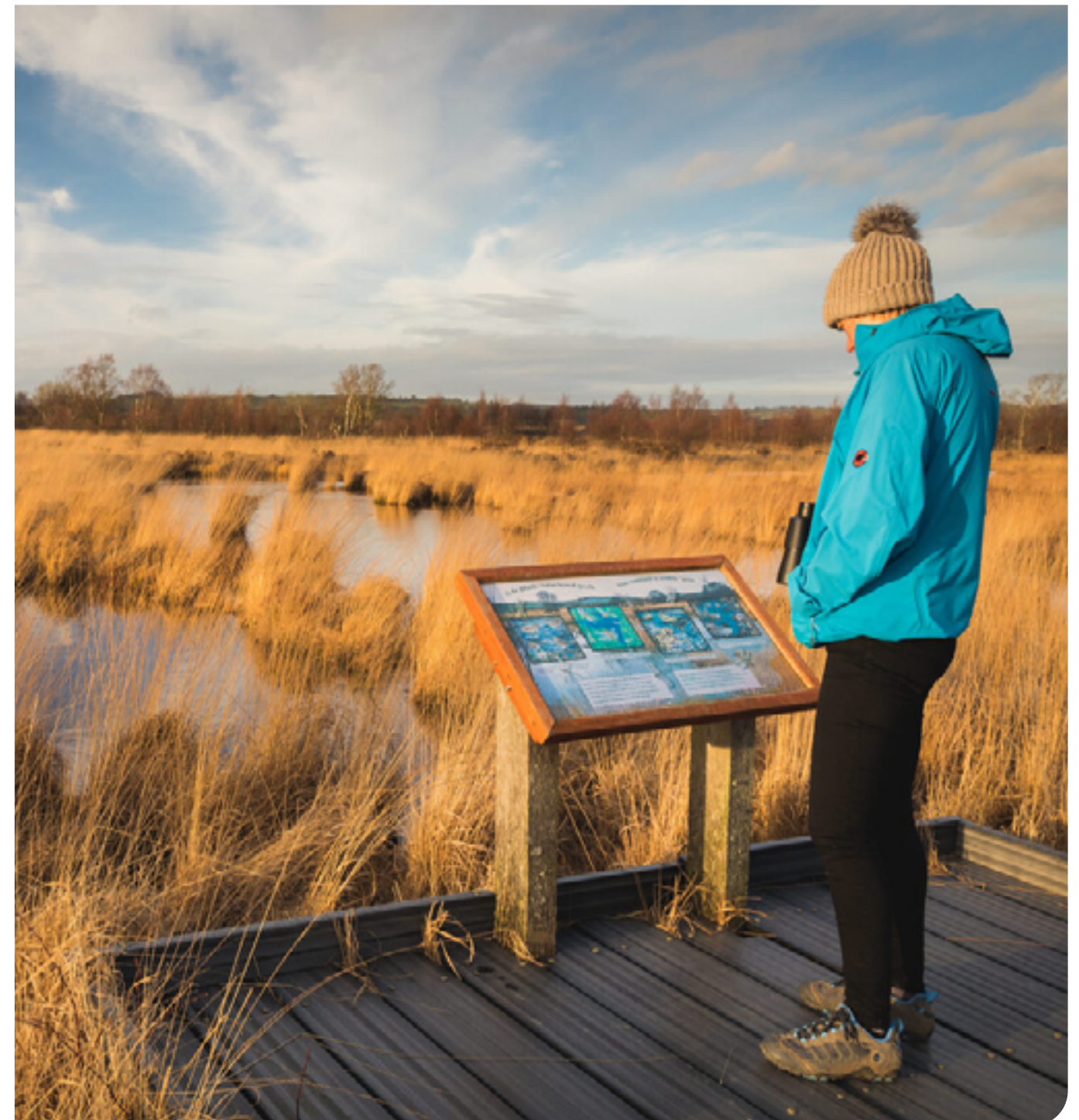
Our Executive Leadership

Our senior leadership comprises the Chief Executive and the Executive Team.

The Executive Team is accountable to the Chief Executive and leads the day-to-day management of NRW. It is responsible for:

- delivering our priorities
- managing financial and operational performance
- identifying and managing risks
- ensuring that governance and internal control arrangements work in practice

The Executive Team supports the Board by providing information, advice and assurance to support decision-making and oversight.



1.

Board and Executive Team membership

This section sets out the membership of the Board and Executive Team during the year.

Corporate Governance Report

Our Board

Our Board includes a Chair, 11 non-executive members and the Chief Executive (who is an executive member of the Board).

Non-executive members, including the Chair, are appointed by Welsh Ministers in line with the Code of Practice for Ministerial Appointments to Public Bodies. Board members bring a range of experience and skills to support effective decision-making.

During the year:

- Neil Sachdev was appointed Chair from 1 November 2025
- Sir David Henshaw served as Chair until 31 October 2025
- Professor Steve Ormerod served as Deputy Chair until 31 March 2026
- Helen Pittaway served as Senior Independent Director

Details of Board membership and terms of appointment are set out below.



Non-Executive members	Term	Start date	Current end date
Neil Sachdev (new Chair)	1 st	1 November 2025	31 October 2029
Sir David Henshaw (previous Chair)	2 nd	1 November 2018	31 October 2025
Professor Steve Ormerod	2 nd	1 November 2018	31 March 2026
Professor Calvin Jones	2 nd	1 September 2021	31 October 2028
Mark McKenna	2 nd	1 September 2021	31 October 2028
Dr Peter Fox	1 st	16 February 2023	31 October 2026
Helen Pittaway	1 st	16 February 2023	31 October 2026
Kathleen Palmer	1 st	16 February 2023	31 May 2025
Professor Rhys Jones	1 st	16 February 2023	31 October 2027
Lesley Jones	1 st	1 June 2023	31 October 2026
Karen Balmer	1 st	1 July 2025	31 March 2026
Adam Taylor	1 st	1 April 2025	31 October 2029
Dr Hushnara Begum	1 st	1 April 2025	31 October 2029
Dr Rebecca Colley-Jones	1 st	1 April 2025	31 October 2029
Non Executive Members appointed April 2026			
Mair Gwynant (ARAC Chair)	1 st	1 April 2026	31 March 2031
Sarah Albon	1 st	1 April 2026	31 March 2031

Registers of interests for Board members and the Executive Team are published on NRW’s website.

1.

Board and Executive Team membership

Corporate Governance Report

Board meetings

The Board meets regularly to oversee delivery and support decision-making. Where possible, meetings are held in public and can be observed online.

Standing agenda items include:



organisational
performance and delivery



financial
performance



updates from the Chair,
Chief Executive
and committees

Agendas, papers and minutes are published on our website.

Public engagement

During the year, the Board introduced a programme of “In Conversation with NRW” events. These provide a more open and accessible way to engage with stakeholders and communities. The first event took place in March 2026, with further events planned.



1.

Board and Executive Team membership

Corporate Governance Report

Attendance

A summary of Board member attendance at Board and committee meetings is set out below.

Name	Board meetings	Audit and Risk Assurance Committee	Protected Areas Committee	People and Customer Committee
Neil Sachdev (new Chair)	6/6			
Sir David Henshaw (previous Chair)	6/11			
Professor Steve Ormerod	17/17		2/3	
Dr Peter Fox	14/17			
Professor Calvin Jones	15/17			
Lesley Jones	15/17	6/6	3/3	3/4
Professor Rhys Jones	17/17	6/6		
Mark McKenna	15/17			4/4
Helen Pittaway	14/17			4/4
Ceri Davies (Chief Executive)	16/17			
Karen Balmer	10/12	5/5		
Adam Taylor	17/17		3/3 (Chair)	4/4
Dr Hushneara Begum	14/15	6/6	3/3	
Dr Rebecca Colley-Jones	13/15	6/6		
Kathleen Palmer	0/4	0/1		

Finance Committee	Flood Risk Management Committee	Land and Estates Committee	Evidence Advisory Committee
1/3			
	1/1		3/3 (Chair)
4/6	5/5 (Chair)	3/3	
5/6	4/5	3/3 (Chair)	
3/6 (seconded)			
			2/3
		0/3 (seconded)	
6/6 (Chair)			
	4/4		
		3/3	
1/6 (seconded)	4/4		

1.

Board and Executive Team membership

Corporate Governance Report

Attendance is shown as the number of meetings attended out of the number of meetings the member was eligible to attend during their term. A blank entry indicates that the member was not a member of that committee.

To ensure quorum (the minimum number of members required for a meeting to be valid), the Board may appoint additional members (described above as ‘seconded’) to certain committees who may attend meetings but are not required to attend them all.

Our Board Committees

Committee roles, responsibilities and areas of focus during the year.

Audit and Risk Assurance Committee (ARAC)

Role and responsibilities

Provides independent assurance to the Board and Accounting Officer on governance, risk management, internal control and financial reporting, including review of the effectiveness of assurance arrangements and internal and external audit activity.

The Chief Executive attends all meetings of the committee.

Key focus during the year

During the year, the Committee focused on strengthening risk management and assurance arrangements, including development of the Strategic Risk and Assurance Register and scrutiny of the Annual Report and Accounts.

Other areas of focus included:

- Governance and Risk Action Plan; Improvements to risk management
- Internal Audit Plan; Internal Audit Strategy 2025–30
- Scrutiny of the Annual Report and Accounts

Finance Committee (FC)

Role and responsibilities

The Board has delegated authority to the committee to scrutinise and advise on financial strategy, budgets, financial plans, charge schemes and in-year financial management, and to take decisions within its agreed remit. The committee provides assurance on financial control and the effective use of resources.

The Chief Executive attends all meetings of the committee.

Key focus during the year

During the year, the Committee focused on financial performance and sustainability, including business planning for 2026–27 and oversight of key programmes such as NRW2030.

Other areas of focus included:

- In-year financial performance;
- Financial and business planning for 2026–27; Annual review of charges;
- Programme and contract management;
- Strategic programme delivery (including NRW2030);
- Annual Report and Accounts performance elements

1.

Board and Executive Team membership

Corporate Governance Report

People and Customer Committee (PCC)

Role and responsibilities

Provides oversight of workforce strategy, organisational development and customer service, including wellbeing, health and safety, and equality, diversity and inclusion. Supports the Board in ensuring the organisation has the capability and culture to deliver its priorities.

The Chief Executive attends all meetings of the committee.

Key focus during the year

During the year, the Committee focused particularly on workforce wellbeing, delivery of the People Transformation Programme, and strengthening customer and stakeholder engagement.

Other areas of focus included:

- Health, safety and wellbeing (including visitor safety and incident reviews)
- People Strategy
- Customer and stakeholder engagement
- Equality, diversity and inclusion

Flood Risk Management Committee (FRMC)

Role and responsibilities

Supports the Board in discharging its responsibilities for flood and coastal risk management. The Board has delegated oversight of flood risk strategy, investment programmes and delivery performance to the committee, including scrutiny of key risks and operational effectiveness.

Key focus during the year

During the year, the Committee focused on flood risk prioritisation and delivery, including oversight of the capital programme, flood recovery work and reservoir safety including work relating to Internal Drainage Districts.

Other areas of focus included:

- Capital programme governance
- Flood recovery and review implementation
- Reservoir safety
- Asset management
- Internal Drainage Districts

1.

Board and Executive Team membership

Corporate Governance Report

Protected Areas Committee (PrAC)

Role and responsibilities

The Board has delegated a number of its statutory responsibilities for designated sites and landscapes to the committee. The committee provides scrutiny and advice on conservation programmes, policy development and key casework decisions relating to protected areas.

Key focus during the year

During the year, the Committee focused on delivery of the Protected Sites Programme and the Sustainable Farming Scheme, alongside key policy and development areas including the proposed National Park and the All Wales Mapping Project.

- Other areas of focus included:
- Marine conservation advice
 - River Teifi Demonstrator project

Land and Estates Committee (LEC)

Role and responsibilities

Supports the Board in overseeing the management of NRW’s land estate. The Board has delegated responsibility for scrutiny of land use, investment, commercial activity and long-term stewardship of assets, including decisions within its agreed remit to the committee.

Key focus during the year

During the year, the Committee focused on management and use of the land estate, including renewable energy, recreation, and integration of flood risk and land stewardship.

- Other areas of focus included:
- Timber production
 - Peatland
 - Visitor centres

1.

Board and Executive Team membership

Corporate Governance Report

Evidence Advisory Committee (EAC)

Role and responsibilities

Provides independent expert advice on evidence and its use in decision-making, strengthening the quality, relevance and application of evidence across NRW.

The Committee includes non-executive Board members and independent external members with specialist expertise.

Key focus during the year

During the year, the Committee focused on developing and applying evidence to support key priorities.

Other areas of focus included:

- State of Natural Resources Report (SoNaRR);
- Biodiversity and natural capital evidence;
- Marine evidence;
- All-Map Wales; Atmospheric pollution and emissions;
- Evidence for North East Wales National Park proposals

We also have a number of stakeholder fora. While these are not part of the formal governance structure, non executive Board members have chaired or attended these meetings.

Development of the Board’s committee structure

During the year, we began a review of the Board’s committee structure to ensure it supports effective governance and delivery of NRW’s priorities. This focuses on strengthening oversight and simplifying arrangements.

Proposals include the introduction of a Strategic Delivery Committee to provide a more integrated approach to scrutiny and oversight. This will support the Board in considering delivery of our wellbeing objectives across the organisation, including areas that do not currently sit within a dedicated committee.

These changes will be developed further and implemented during 2026-27.

Board effectiveness review

We are committed to ensuring that the Board operates effectively and that our governance arrangements support delivery of our responsibilities.

We have established a programme of regular Board effectiveness reviews in line with Cabinet Office guidance.

During the year, we continued to strengthen our governance arrangements, particularly in relation to oversight, risk and assurance. This has improved focus on strategic priorities, strengthened challenge and supported better decision-making.

A review at the end of 2024 led to a Governance and Risk Action Plan focused on clarifying roles, improving the information provided to the Board and strengthening scrutiny and decision-making.

A further review in December 2025 confirmed good progress and identified a small number of areas for further improvement. A Board Effectiveness Implementation Plan has been approved to embed these improvements.

Our next effectiveness review will be externally facilitated, as agreed by the Board in line with Cabinet Office guidance.

1.

Board and Executive Team membership

Corporate Governance Report

Board member appraisals

The Chair carries out annual appraisals of non-executive Board members and the Chief Executive, including a review of performance and the setting of priorities for the year ahead.

The Chief Executive carries out mid-year and annual appraisals of Executive Directors, reviewing performance and setting objectives to support delivery of our priorities. This supports continuous improvement in leadership performance.



The Executive Team

The Executive Team is responsible for the day-to-day leadership and management of NRW and operates within the strategic framework set by the Board.

The Executive Team supports delivery of NRW’s Corporate Plan, Annual Business Plan and statutory responsibilities, and is responsible for organisational performance, financial management and risk management.

The Executive Team meets regularly to:

oversee delivery of priorities and the Annual Business Plan

review financial and performance information

monitor organisational and strategic risks

consider and take decisions on strategic, policy and operational matters

During the year, further improvements were made to the operation of the Executive Team, strengthening its focus on decision-making, oversight and delivery.

Reporting to the Executive Team, the Leadership Team plays a key role in managing NRW’s work on a day-to-day basis. Its members are Heads of Department responsible for delivery across the organisation.

NRW’s structure supports a place-focused approach to delivery. Heads of Place are responsible for leading delivery of NRW’s functions within defined areas of Wales, bringing together activity across services in each place.

1.

Board and Executive Team membership

Corporate Governance Report

Details of Executive Team membership during the year are set out below.

Name	Position	Length of Executive Team Service
Ceri Davies	Chief Executive	15 October 2024 – Present
Dominic Driver	Executive Director of Evidence, Policy and Permitting	16 November 2024 – 15 December 2025
	Executive Director of National Operations	1 December 2025 – Present
Gareth O'Shea	Executive Director of Operations	27 April 2015 – 31 January 2026
Lyndsey Rawlinson	Executive Director of Place	1 December 2025 – Present
Prys Davies	Executive Director of Corporate Strategy and Development	1 April 2019 – 14 December 2025
	Executive Director of Strategy, Policy, and Evidence	15 December 2025 – Present
Rachael Cunningham	Executive Director of Finance and Corporate Services	7 September 2020 – Present
Sarah Jennings	Executive Director of Communications, Customer and Commercial	7 September 2020 – Present
Louise White	Executive Director of People, Fleet and Facilities	21 April 2025 – Present

Registers of interests for Board members and the Executive Team are maintained and published on NRW's website.

Ministerial directions

Ministerial Directions are formal instructions issued by Welsh Ministers requiring us to carry out our functions or apply our powers in a specific way.

Within our statutory framework, Welsh Ministers may issue Directions to ensure our functions are exercised in line with government policy or legislative requirements.

During 2025–26, we received two Directions:



Emission Limit Values (ELVs)

Issued in relation to new fuels used in medium combustion plants, effective from 1 May 2026. This enables us to set and update ELVs using an evidence-based approach to maintain or enhance environmental protection.



Renewable Energy Directive (RED)

Effective from 1 July 2026. This Direction enables certain fuels to be treated as eligible for emissions reduction claims under the UK Emissions Trading Scheme, subject to defined conditions.

Our internal control framework

Internal Controls are the checks and processes used to manage risk and provide reasonable assurance that we will achieve our objectives, safeguard public funds and comply with relevant requirements. They operate through policies, procedures and controls embedded in day-to-day activities across the organisation.

Our system of internal control is part of a wider system that includes policies, processes and governance arrangements that support effective decision-making and delivery of our objectives. It is designed to provide reasonable assurance that we will achieve our objectives, safeguard public funds and comply with relevant requirements. It supports the Accounting Officer in preparing the Annual Governance Statement.

1. Risk management

Risk management

Risk management is how we identify, assess and manage uncertainty that could affect delivery of our objectives.

It forms a key part of our governance arrangements and is embedded across the organisation to support decision-making, protect resources and underpin delivery of our wellbeing objectives.



Managing risk in practice

Risk management is integrated into day-to-day management, planning and decision-making:

- risks are identified and assessed at all levels of the organisation
- appropriate actions are taken to manage or mitigate those risks
- risks are reviewed regularly and escalated where necessary
- risk information is reported to support oversight and decision-making

This approach ensures that risk management is not a standalone process, but part of how we work.

Risks are recorded and managed at different levels within the organisation, with clear routes for escalation.

- Operational and directorate risks are managed by teams and directors as part of day-to-day delivery
- strategic risks are managed at Executive Team level and reported to the Board, reflecting the most significant risks to delivery of our objectives.

The strategic risks are reviewed regularly by the Executive Team. The Audit and Risk Assurance Committee scrutinises the effectiveness of risk management, and the Board considers the overall level of risk and how it is managed in relation to our strategic priorities.

Continuous development

During the year, we strengthened our approach to risk management by:

- developing the strategic risk register
- improving the structure and clarity of our strategic risks
- developing a more practical approach to risk appetite
- simplifying systems and processes to embed and mature the use of risk management.

These changes have improved consistency and usability across the organisation.

1.

Risk management

Corporate Governance Report

Risk management framework

Our Risk Management Framework and Strategy set out how risks are identified, assessed and managed, including roles and responsibilities across the organisation.

During the year, the Board reviewed and updated the set of strategic risks, reducing these to eight clearly defined risks to ensure they focus on the most significant threats to delivery of our objectives.

Each strategic risk has a named owner at Executive Team level, responsible for ensuring it is appropriately managed and that mitigating actions are in place.

Each strategic risk is clearly defined and structured to support consistent assessment, management and reporting.

Our risk appetite

Risk appetite defines the level and type of risk we are willing to take in delivering our objectives.

It supports consistent and informed decision-making by setting clear expectations about how risk should be managed across the organisation and helps us to explain where we are prepared to take considered risks to achieve our objectives, and where we take a more cautious approach because of our responsibilities in managing public funds, regulating activity and protecting people and the environment.



How we use the risk appetite categorisation

We use risk appetite as a practical tool to support decision-making across the organisation. It helps us determine how opportunities and risks are approached in different areas of our work, ensuring that choices are consistent with our overall objectives and priorities.

We use the following risk appetite definitions to guide our work:

Cautious

Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.

Open

Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

Minimalist

Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.

Eager

Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

Averse

Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.

1.

Risk management

Corporate Governance Report

Understanding our risk appetite in practice

Setting a risk appetite does not mean we are willing to accept negative outcomes.

For example, where we have an open appetite, this does not mean we accept harm to the environment or failure to deliver our objectives.

Instead, it reflects the reality that:

- some of the challenges we face - particularly the nature and climate emergencies - are complex and uncertain
- delivering long-term outcomes requires innovation, partnership working and new approaches
- this may involve taking considered and controlled risks

In contrast, in areas such as:

- safety and wellbeing
- regulatory compliance
- the use of public money

we take a more cautious approach, with low tolerance for failure.

Risk appetite therefore describes how we approach decisions, not the importance of the outcomes we are seeking to achieve.

Strategic Risks

Our strategic risks reflect the most significant threats to delivery of our objectives and provide a clear focus for Board oversight and management action.

Strategic risks are owned by members of the Executive Team and are regularly reviewed and challenged. Oversight is provided by the Audit and Risk Assurance Committee and the Board, ensuring that risk appetite remains aligned with NRW’s priorities and continues to support effective governance and decision-making.

The following pages illustrate our current position across the spectrum from risk averse (closed) to risk seeking (open) for each strategic risk area. This provides a simple, accessible way of understanding how the Board expects risk to be managed in practice.

In practice, we apply a more open appetite in areas requiring innovation and partnership working, a cautious approach in areas such as financial management, regulation and digital resilience, and a minimal appetite in relation to health, safety and wellbeing.

SR01: Risk to life & quality of life

Risk event/description:

The risk that NRW will fail to prevent loss of life or reduction in quality of life both in terms of large incidents and/or through its negligence of health, safety and wellbeing across the NRW Estate, its assets and within its working environments.

Risk appetite: Minimal

SR02: Escalating environmental threats

Risk event/description:

The risk that the speed of change and accumulating environmental conditions, such as extreme weather events and habitat loss due to climate change, undermines the delivery of the wellbeing objectives, outpaces NRW’s ability to respond to major incidents or compromises conservation efforts, preventative action and recovery efforts.

Risk appetite: Open

1.

Risk management

Corporate Governance Report

SR03: Major digital disruption & new technology

Risk event/description:

The risk that NRW suffers from digital disruptions, cyber-attacks, failures in ICT infrastructure and does not keep abreast with and/or adopt new technologies/digital tools.

Risk appetite: Cautious

SR05: People resource pressures

Risk event/description:

The risk thar NRW fails to attract, select, retain and develop skilled personnel or access service providers, which limits its capacity and capability to lead, engage implement and sustain strategic initiatives effectively.

Risk appetite: Open

SR04: Collaboration & advocacy failures with key external stakeholders

Risk event/description:

The risk that NRW carries out insufficient or ineffective collaboration and advocacy with key external stakeholders, such as governmental bodies, NGOs, place-focused partners, and the private sector, leading to a fragmented approach or non-delivery strategic objectives and purpose.

Risk appetite: Open

SR06: Financial resource pressures

Risk event/description:

The risk that NRW fails to secure sufficient or utilise available funding in a sufficiently agile way demonstrating the effective use of public money to deliver its strategic objectives and purpose.

Risk appetite: Cautious

1.

Risk management

Corporate Governance Report

SR07: Regulatory failure

Risk event/description:

The risk that NRW is, or is perceived to be, an ineffective regulator, or the required regulation is absent and/or not fit for purpose, which impacts NRW's ability to maintain compliance, undertake enforcement and achieve the desired outcome of regulation.

Risk appetite: Cautious

SR08: Strategic delivery failure

Risk event/description:

The risk that NRW fails to deliver its strategic objectives and purpose in line with its stated ambitions and legislative requirement due to a lack leadership, decision-making, planning, oversight, pace and delivery.

Risk appetite: Open

Monitoring and review

The Board reviews NRW's risk appetite regularly to ensure it remains appropriate and aligned with our strategic priorities and operating context. This includes considering whether risk appetite continues to support effective delivery of the Corporate Plan, and how it should evolve in response to changes in our operating environment.

Roles and Responsibilities for Risk Management

Roles and responsibilities for risk management are clearly defined across the organisation.

The Board sets risk appetite and approves the organisation's strategic risks, providing overall

oversight of risk to ensure that key risks are understood, appropriately managed and aligned with NRW's strategic priorities.

The Audit and Risk Assurance Committee provides independent scrutiny of risk management arrangements and their effectiveness.

The Executive Team owns and manages strategic risks and oversees the management of operational risks, ensuring that appropriate controls and actions are in place across the organisation.

Managers and staff are responsible for identifying and managing risks as part of day-to-day operations.



1.

Risk management

Corporate Governance Report

Information assurance

Information assurance ensures that information held by NRW is kept secure, used appropriately and protected from loss, misuse or unauthorised access, in line with legal and regulatory requirements. This includes information we create, receive and store in carrying out our functions, including information provided by partners, customers and other third parties.

The Chief Executive has appointed a Senior Information Risk Owner (SIRO) to oversee information governance and cyber security.

During the year:

- we maintained Cyber Essentials Plus certification and
- achieved IASME Cyber Assurance Level 2
- delivered staff training and awareness activity
- conducted resilience testing exercises

One precautionary incident was reported to the Information Commissioner’s Office; no data was accessed and no further action was required.

Number of cases reported to the Information Commissioner’s Office (ICO)		
2025-26	2024-25	2023-24
1	1	1

Declarations of interest

A declaration of interests enables staff and Board members to disclose any personal or professional interests that could influence, or be seen to influence, their decisions or actions. A conflict of interest arises where those interests, if not managed, could affect the impartiality of decision-making.

We have a policy and processes to ensure that interests are declared by all staff and Board members, that they are recorded and managed appropriately.

NRW maintains registers of interests for Board members and the Executive Team. These are reviewed regularly and published on our website to support transparency.

Board Members’ and the Chief Executive’s declarations are reviewed by the Chair. 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. Declarations of Interest for members of the Executive Team are reviewed by the Chief Executive.

Whistleblowing

Whistleblowing refers to raising concerns about suspected wrongdoing, malpractice or unethical behaviour in a workplace or organisation. It enables staff and others to report issues in a safe and confidential way, particularly where these may affect the public interest or the proper use of resources.

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

Concerns can be raised confidentially, including anonymously, and are reviewed independently by the Head of Internal Audit and the Head of Governance. A Board member is nominated as Whistleblowing Lead to support escalation where required.

Internal Audit oversees the handling of whistleblowing concerns and any related investigations and provides assurance on the effectiveness of these arrangements.

During 2025–26, 57 concerns were raised through NRW’s whistleblowing channels. All were initially assessed 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, using the Public Interest Disclosure Act (PIDA) guidance.

Of these:

- 7 met the criteria to be treated as potential whistleblowing cases
- the remaining 50 cases did not meet the criteria and were handled through other appropriate processes, such as complaints or incident reporting
- Of the 7 cases identified as potential whistleblowing cases, 5 related to matters outside NRW in its role as a Prescribed Person. Of the 2 cases relating to NRW, none were upheld during the year, with one still under review and one not upheld.

1.

Risk management

Corporate Governance Report

Number of whistleblowing cases

	2025-26	2024-25	2023-24	2022-23	2021-22
Concerns Raised	57	53	31	20	4
Initial case handling					
Referred directly to complaints or incident reporting within NRW	50	48	27	10	0
Prescribed Person (external) Whistleblowing cases reviewed	5	1	2	2	1
Referred to Stage 1 case review					
Stage 1 case reviews carried out on cases with potential whistleblowing within NRW	2	4	2	8	3
Referred for onward handling under NRW internal procedures (not deemed whistleblowing)	2	4	2	8	3
NRW Official Whistleblowing Cases Investigated	0	0	0	0	1



NRW as a Prescribed Person for Whistleblowing

A Prescribed Person is an organisation designated in law to receive whistleblowing disclosures about matters within its remit. This allows individuals to raise concerns directly with a regulator or public body, where this is more appropriate than reporting through an employer.

We were designated as a Prescribed Person in 2020, following a recommendation by Welsh Government to the UK Government, and have subsequently been included in the relevant law. As a Prescribed Person, we can receive external disclosures relating to environmental and regulatory matters within our remit.

During the year we received five whistleblowing disclosures in our capacity as a Prescribed Person. Of these cases:

- one case was referred to another organisation to be dealt with, as it did not fall within NRW’s remit
- two cases were reviewed and not upheld, and have now been closed
- two cases remain under review.

All disclosures are considered independently to determine whether they fall within NRW’s remit and how they should be handled.



1.

Risk management

Counter-fraud arrangements

Counter-fraud arrangements set out how we prevent, detect and respond to fraud, bribery and corruption, helping to protect public funds and maintain trust.

We have arrangements in place to prevent, detect and respond to fraud, bribery and corruption.

During the year:

- a new Counter Fraud Strategy was developed
- 91% of staff completed mandatory training
- 4 allegations of fraud were received

All cases are reported to the Audit and Risk Assurance Committee and investigated appropriately.

Number of allegations reported				
2025-26	2024-25	2023-24	2022-23	2021-22
4	7	9	8*	8

**This figure was incorrectly reported as 5 in a previous annual report, but the quarterly reporting to ARAC at the time was correct.*



Our assurance framework

Our assurance framework brings together the information and processes used to provide the Accounting Officer with assurance on governance, risk management and internal control.

The framework draws on a range of internal and external sources of assurance, including

- management information and reporting
- oversight by the Board and its committees

- independent assurance from internal and external audit

Together, these sources of assurance provide a coherent picture of governance, risk management and internal control, supporting the Accounting Officer in gaining assurance that arrangements are operating effectively.



1.

Risk management

Corporate Governance Report

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. We have an in-house internal audit team.

As Head of Internal Audit to Natural Resources Wales, I provide the following opinion for 2025-26:

Moderate Assurance: Some improvements are required to enhance the adequacy and effectiveness of governance, risk management and control.

This opinion reflects a mixed assurance picture. Governance and control arrangements are operating effectively in some areas, but this is offset by weaknesses and inconsistencies elsewhere, where controls are not yet fully established or not operating as intended.

The opinion is based on a review of evidence from internal audit work, organisational assurance sources, and Board and ARAC insight. The distribution of audit opinions demonstrates variability in control effectiveness across NRW.

Key factors influencing this opinion are:

- Inconsistent control application across directorates, resulting in variable outcomes
- Systemic organisational risks, particularly in digital capability, workforce capacity and delivery of improvement actions
- A challenging external environment, which increases pressure on governance, risk management and control frameworks

NRW has clear strengths, including established governance structures, strong engagement with assurance processes, and improving visibility of risk. However, these are not yet delivering consistent or mature outcomes across the organisation, and further work is required to embed effective and sustainable control.

Jacqui Kedward

Head of Internal Audit

External audit and assurance

External Audit

External audit provides independent assurance on the Annual Report and Accounts and the use of public funds. It is carried out by an external auditor who is separate from the organisation and reports publicly on their findings.

Our External audit is carried out by the Auditor General for Wales.

The external auditor provides an independent opinion on NRW’s financial statements and on the regularity of its financial transactions. This work provides assurance to the Senedd and the public on the stewardship and use of public funds.

The external auditor’s opinion and findings are considered by ARAC as part of its oversight of governance, risk and assurance across the organisation.

The results of the external audit are reported in the Parliamentary Accountability and Audit Report and in the Auditor General’s certificate and report, which are included later in this document.

External Assurance

External assurance refers to independent reviews, certifications or accreditations that provide assurance on specific areas of an organisation’s work. Unlike external audit, these focus on particular functions or activities and are often based on recognised professional or industry standards.

In addition to external audit, NRW is subject to a range of external certifications and accreditations.

These include:

- The UK Woodland Assurance Scheme
- ISO 14001:2015 for environmental management systems
- ISO 45001:2018 Occupational Health & Safety Management Standard
- ISO/IEC 17025:2017 accreditation for NRW’s laboratory in Swansea

1.

Risk management

Corporate Governance Report

Internal control effectiveness

Internal control effectiveness is the Accounting Officer’s overall judgement on whether governance, risk management and control arrangements are working as intended and are sufficient to manage the organisation’s principal risks. This judgement is based on a structured review of evidence from across the year and reflects both how the framework is designed and how well it operates in practice.

Taken together, this evidence indicates that the system of internal control continued to strengthen during the year, reflecting a maturing control environment, with a smaller number of areas requiring further improvement.

The Accounting Officer reviews the effectiveness of governance, risk management and internal control, drawing on a range of evidence including management information, Board oversight, and internal and external audit and the Internal Control Checklist (ICC) process.

Internal Control Checklist process

Each year, NRW undertakes a structured review of its system of internal control through the ICC. Executive Directors assess the effectiveness of controls within their areas of responsibility, supported by evidence and subject to review and challenge.

Each Executive Director provides a Certificate of Assurance, which is considered alongside other evidence to form an overall view of assurance across the organisation. The Executive Team reviews and moderates these assessments to ensure consistency and identify cross-cutting issues.

Overall Effectiveness and Improvement

This year, we identified two significant control weaknesses (down from four last year), indicating progress in strengthening our control environment.

While this reflects improvement, further work is needed. During the year, we improved the quality and consistency of assurance information, strengthened links between risk, performance and control, and increased our focus on identifying and addressing control weaknesses.



Key areas of weakness

Workforce and Learning & Development

We have continued to face workforce capacity and capability pressures, affecting organisational resilience and delivery.

Challenges have included recruitment difficulties, skills shortages and the impact of organisational change.

We have taken steps to strengthen this area, including implementing a Learning Management System, improving workforce planning and using alternative delivery models.

A new Director of People role has been established to lead our people transformation programme.

Our focus next year will be on embedding these changes and delivering our strategic workforce plan.

Digital, Data and Technology (DDaT)

We identified areas for further development in our digital, data and technology environment.

We have made progress through developing a DDaT transformation plan, introducing prioritisation aligned to our risk profile and increasing capacity.

We will continue to strengthen our digital capability to support delivery of our priorities, including nature recovery, climate resilience and reducing pollution.

1. Risk management

Annual Governance Statement

The sections above set out NRW’s governance, risk management and assurance arrangements. The following statement provides the Accounting Officer’s formal assessment of their effectiveness.

This Statement sets out the governance structures, internal control and assurance frameworks that have operated within the organisation during the financial year 2025-26 and accords with the requirements of Managing Welsh Public Money and HM Treasury’s guidance.

As Accounting Officer, I have responsibility for maintaining a sound system of governance, risk management and internal control that supports the achievement of NRW’s objectives.

NRW’s governance, risk management and assurance arrangements are described in detail in the Corporate Governance Report.

The system of internal control is designed to manage risk to a reasonable level rather than eliminate it entirely. It supports the achievement of NRW’s objectives by ensuring that risks are identified and managed, resources are used appropriately, and decisions are informed and subject to appropriate oversight.

My assessment is informed by a range of assurance sources, including the work of the Board and its committees, the Executive Team,

internal and external audit, and the Internal Control Checklist (ICC) process, including Certificates of Assurance provided by Executive Directors.

Based on this assessment, I am satisfied that NRW had appropriate governance, risk management and internal control arrangements in place during the year. Where areas for improvement have been identified, these are set out in this report, together with the actions being taken to address them.

I can confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. I am not aware of any material information that has not been disclosed to Audit Wales.

Ceri Davies

Chief Executive and Accounting Officer
14 July 2026



2

Remuneration and Staff Report (audited)

The remuneration and staff report explains how we pay our Board members, Executive Team and the wider workforce which includes permanent staff, those on fixed term agreements and agency staff. It also includes information about staff numbers, costs, and key workforce policies. Disclosure of this information supports transparency and accountability over how NRW pays its workforce.



2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

Remuneration policy for senior staff and board members

The objective of a remuneration policy is to outline how NRW sets pay and employment terms across the organisation. This section refers to the remuneration of Executive Team and Board members. It also outlines who is responsible for decisions relating to their pay.

The Board has established a People and Customer Committee (PCC) to oversee matters relating to the pay and terms and conditions of employment for the organisation's most senior staff, as well as the overall pay strategy for the wider workforce. The PCC comprises four non executive Board members, with the Board Chair serving as 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 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.

Senior pay is uplifted in line with the percentage increase applied to Grade 11. Pay for senior roles (Grade 11+) is informed by the Senior Civil Service Job Evaluation for Senior Posts framework and benchmarking against comparable Welsh public service and UK organisations. Any annual pay award is subject to satisfactory performance, as assessed by the Chief Executive/Chair and approved by the PCC.

During 2025-26, NRW implemented a Senior Pay Policy. The policy provides a clear and robust framework for the determination of senior remuneration, ensuring that decision making processes, roles, and governance arrangements are fully documented, transparent, and subject to appropriate oversight. NRW will undertake a further review of the Senior Pay Policy in 2026 to consider the introduction of structured pay bands or alternative mechanisms, with the aim of strengthening consistency, equity, and assurance.

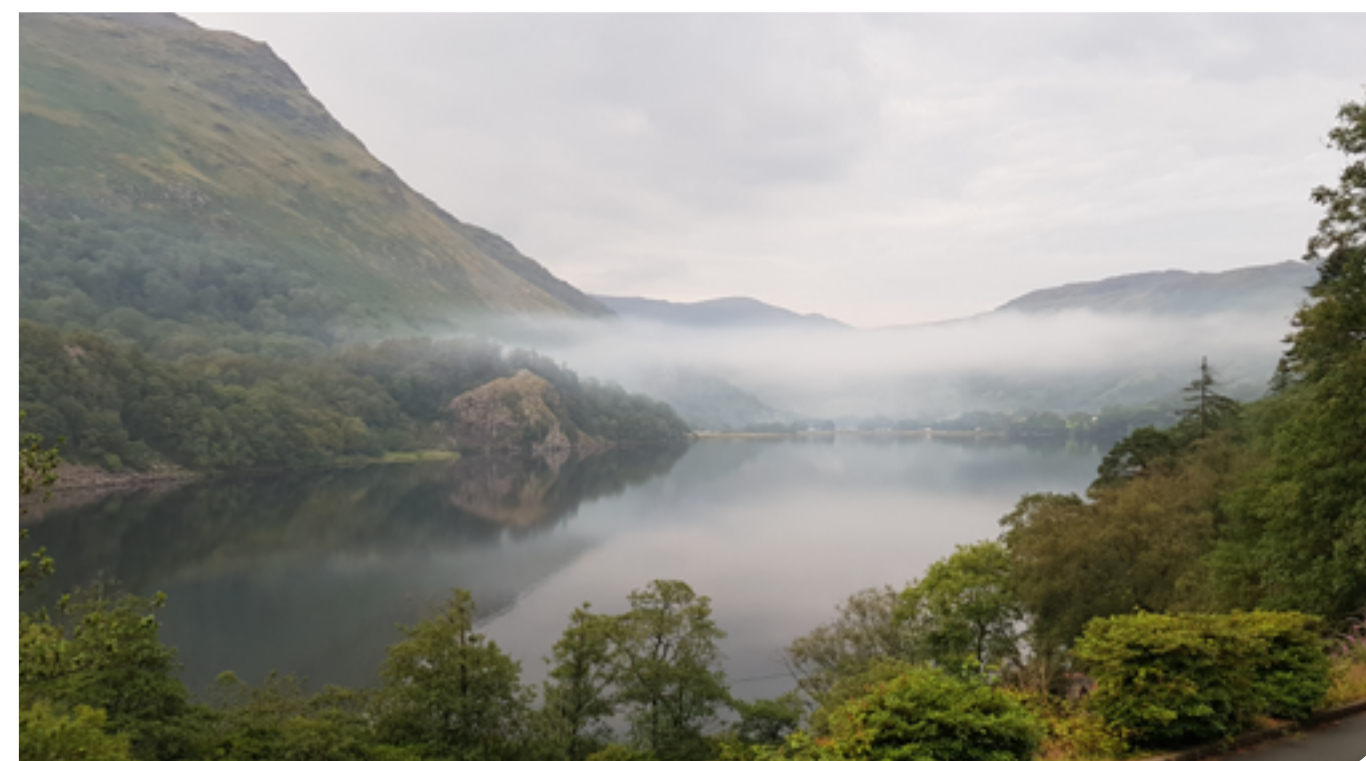
Service contracts

Service contracts are legally binding agreements between NRW and its employees. The agreement would confirm the length of engagement as well as the remuneration expected to be paid to the worker. The types of service contracts used for Board members and senior staff is explained below.

All appointments to the Board are made on behalf of the organisation's sponsoring Minister in Welsh Government. Board members serve as office holders rather than employees, but they are paid via NRW's payroll process. Normally, a board member would be appointed for a term of 4 years.

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

Unless otherwise stated below, the Executive Team 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.



2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

Salary and pension entitlements

The following sections provide details of the remuneration of Board Members and the remuneration and pension interests of members of the Executive Team. Board members are not entitled to join the Civil Service Pension Scheme

or receive other benefits. If employment ends early, other than for misconduct, Executive Team members would receive compensation consistent with the Civil Service Compensation Scheme. Board members are not entitled to compensation.

Salary

This section explains what is included in the salary figures shown in the report. It makes clear which payments are included such as basic pay, overtime and allowances and which are excluded, such as reimbursed expenses.

Salary covers both pensionable and non-pensionable amounts and includes gross salary, overtime and any other taxable allowances or payments. It does not include reimbursed expenses that are directly incurred as part of an individual’s duties.

Benefits in kind

Benefits in kind are non-cash goods and services provided to an employee which has a monetary value. Although no physical cash is received by the employee, HM Revenue and Customs consider these benefits as earnings and they are taxable.

None of the Board members or Executive Team received benefits in kind during 2025-26 and 2024-25.

None of the Board members or Executive Team received any remuneration other than the amounts shown below.

Board members’ remuneration

The table on the following page shows how much Board members were paid during the year, how long they have served and whether they have a committee chairing role.

Board Member	Board and Committee Roles (During 2025-26)	Contracted Dates	Salary 2025-26 (£5,000 range)	Salary 2024-25 (£5,000 range)
Neil Sachdev	Chair of Board from Nov 2025	01/11/2025 to 31/10/2029	25-30	N/A
Sir David Henshaw	Chair of Board to Oct 2025	01/11/18 to 31/10/25	25-30	45-50
Karen Balmer	ARAC Chair from July 2025	01/07/2025 to 31/03/2026	10-15	N/A
Dr Hushneara Begum		01/04/2025 to 31/10/2029	10-15	N/A
Dr Rebecca Colley-Jones		01/04/2025 to 31/10/2029	10-15	N/A
Geraint Davies		01/01/19 to 31/03/25	N/A	10-15
Dr Peter Fox	FRMC Chair	16/02/23 to 31/10/26	15-20	15-20
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 to May 2025	16/02/23 to 31/05/25	0-5	15-20
Helen Pittaway	FC Chair	16/02/23 to 31/10/26	15-20	15-20
Dr Rosie Plummer		01/11/18 to 31/03/25	N/A	15-20
Adam Taylor	PrAC Chair	01/04/2025 to 31/10/2029	15-20	N/A

2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

Executive Team’s remuneration

The table below shows how much the Executive Team were paid during the financial year. The pension benefit value does not represent an amount received by the individual. It is a calculation intended to convey an estimate of

the benefit that being a member of the pension scheme could provide. The pension benefit table in the next section provides more information on this.

Executive Team Member	Salary (£5,000 range)		Benefits in kind (nearest £100)		Pension benefits ¹ (£'000)		Total (£5,000 range)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Ceri Davies ^{1,2}	165-170	140-145	0	0	107	187	270-275	330-335
Clare Pillman ^{1,3}	0	140-145	0	0	0	107	0	245-250
Rachael Cunningham ¹	135-140	130-135	0	0	30	88	165-170	215-220
Prys Davies ¹	115-120	110-115	0	0	45	68	160-165	180-185
Dominic Driver ^{1,4}	100-105	35-40	0	0	40	13	140-145	45-50
Sarah Jennings ¹	140-145	135-140	0	0	56	54	195-200	190-195
Gareth O’Shea ^{1,5}	115-120	120-125	0	0	73	94	190-195	215-220
Lyndsey Rawlinson ^{1,6}	30-35	N/A	0	N/A	26	N/A	55-60	N/A
Louise White ^{1,7}	10-15	N/A	0	N/A	6	N/A	15-20	N/A

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.

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.
2.

Ceri Davies’ annual equivalent salary for April 2024 to October 2024 was £130k to £135k as Executive director of EPP and £155k to £160k from October 2024 to March 2025, then £165k to £170k from April 2025 to March 2026 as Interim Chief Executive.
3.

Clare Pillman left NRW in April 2025. All payments made to Clare Pillman during 2025-26 related to the exit package which was accounted for and disclosed within the accounts and remuneration report for 2024-25. This is also included within the comparative values of the Exit Packages table below. The comparative pension benefit value for 2024-25 disclosed in the table above has been restated.
4.

Dominic Driver was employed by NRW throughout 2024-25 but the comparative pay information disclosed relates to the period from 16 November 2024 to 31 March 2025 when he was appointed on an interim basis as Executive Director of Evidence, Policy and Permitting. The full annual equivalent salary for 2024-25 was £95k to £100k. The full annual equivalent salary for 2025-26 is £95 to £100k, the value in the table above includes an amount underpaid relating to 2024-25 of £0 to £5k. On 1 December 2025, Dominic Driver was appointed as Acting Executive Director of National Operations. There was no change to the salary as a result of this appointment.
5.

Gareth O’Shea retired on 31 January 2026. The table above shows his salary for the period up to his retirement. The full-time equivalent salary for 2025-26 was £135k to £140k. The salary disclosed in the table includes a payment in relation to untaken leave of £0 to £5k.

2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

6. Lyndsey Rawlinson was appointed as Acting Executive Director of Place Operations on 1 December 2025. The full-time equivalent salary for 2025-26 was £95k to £100k.
7. Louise White is on secondment from Welsh Government for 14.8 hours per week. Louise was appointed as Acting Executive Director of People, Facilities and Fleet on 1 December 2025. The full-time equivalent salary is £100k to £105k.



2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

Pension benefits

The table below details the pension benefits accrued during the financial year for each Executive Team member.

Executive Team Member	Accrued Pension at pension age as at 31/03/26 (or retirement date if earlier) £000	Accrued Lump Sum at pension age as at 31/03/26 (or retirement date if earlier) £000	Real Increase in pension at pension age £000
Ceri Davies	80-85	100-105	5-7.5
Clare Pillman ¹	70-75	185-190	0-2.5
Rachael Cunningham	50-55	0	0-2.5
Prys Davies	45-50	100-105	2.5-5
Dominic Driver	15-20	0	0-2.5
Sarah Jennings	15-20	0	2.5-5
Gareth O'Shea	80-85	110-115	2.5-5
Lyndsey Rawlinson	30-35	25-30	0-2.5
Louise White	0-5	0	0-2.5

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.

1. The opening CETV for Clare Pillman has been restated from £1,830k to £1,794k due to the opening position being recalculated when the member exercised the remedy options.

Real Increase in Accrued Lump Sum at pension age £000	CETV at 31/03/26 (or retirement date if earlier) £000	CETV at 31/03/25 £000	Real Increase in CETV £000
5-7.5	1,842	1,655	538
0	1,797	1,794	-1
0	990	920	13
-2.5-0	955	871	31
0	340	290	31
0	308	242	43
5-7.5	1,713	1,546	70
0-2.5	555	517	20
0	25	20	4

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.

2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

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 calculated 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.

The CETV values do not directly represent the contributions paid by NRW.

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. This amount was accrued and accounted for within the 2024-25 accounts. The total value is included in the prior year comparative information within

the exit packages table below and included £65k to £70k of Special Severance Payment. No compensation for loss of office was agreed during 2025-26.

Fair pay disclosure

As a public sector organisation, NRW, 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. These disclosures ensure transparency over whether senior remuneration is proportionate and justifiable. It holds NRW’s remuneration policies to account, in particular the level of senior pay compared with other staff.

Total remuneration includes salary and benefits in kind where applicable. It does not include severance payments, employer pension contributions, and the CETV.

In 2025-26, 5 workers employed by an agency organisation (2024-25: 5) 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 2025-26 was £165,000 to £170,000 (2024-25: £155,000 to £160,000). This was 3.7 times (2024-25 3.7 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

	2025-26 (£)	2024-25 (£)	Movement (%)
Upper quartile	51,692	50,637	2.0
Ratio	3.2	3.2	
Median	45,339	43,702	3.7
Ratio	3.7	3.7	
Lower quartile	40,127	38,688	3.7
Ratio	4.1	4.1	

Staff pay scales range from £26,861 to £83,051 (2024-25: £25,898 to £80,072).

2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

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

	Movement (%)
Highest paid director	3.7
All workforce	2.8
Directly employed	1.9

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

Salary movements within the workforce remuneration ratio are broadly consistent with the annual pay award of 3.72%. Where new staff come into the business, either externally

or due to internal promotions, they will be initially assigned to the lowest level of the salary banding, with annual increments until they reach the top of the band. Movements in the average percentage increase in salary, benefits in kind and performance related pay are therefore impacted by staff movements when considered on an annualised basis, so do not directly correlate with the annual pay award. All workforce increases include agency staff whose remuneration is not linked to annual pay award.



2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

All staff report

The staff report provides information on the composition and costs of our workforce.

Staff Remuneration policy

The staff remuneration policy sets out how NRW determines pay grades, annual pay awards, benefits, and employment terms for the workforce. The annual pay award is the increase in salary applied during the financial year.

There is a social partnership agreement in place with five trade unions and the setting of terms and conditions for staff below the Executive Team members is through collective agreement with the social partners. 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 award was for the period 1 April

2025 to 31 March 2026 and saw a 3.72% increase to our pay bill. All of our pay scales have been above the Real Living Wage since April 2024. A pay award of 3.72% was applied to all pay points and relevant 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.

Included in the staff tables below are permanent employees, fixed-term appointments, apprentices as well as agency staff and secondees.

Number of staff by headcount and full time equivalent (FTE) at 31 March 2026

	Male		Female		Total	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
All employees	1,320	1,287	1,172	1,104	2,492	2,391
of which:						
Leadership Team	13	13	14	13	27	26
Executive Team	2	2	5	4	7	6

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

Over the last twelve months we have placed ourselves in a much stronger financially sustainable position. The allocation of inflationary impacts within Grant in Aid settlements and additional ring fenced funding for shared priorities has meant the increase in resources are affordable and sustainable.

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

	2025-26			2024-25
	Permanent Staff	Others	Total	Total
Directly employed	2,221	27	2,248	2,267
Agency workers	0	55	55	72
Total	2,221	82	2,303	2,339

The average full-time equivalent number of staff working on capital projects was 189.8 (2024-25: 185.2).

2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

Staff turnover

Staff turnover is the percentage of staff who leave the organisation and needs to be replaced over the year. It includes all departures (retirement, resignations, redundancy, and dismissals). Staff turnover during 2025-26 was 5.7% excluding temporary workers e.g. fixed term appointments (2024-25 6.2%). This is calculated by the total leavers during the year (127) compared with the average FTE headcount 2,221.



Staff costs

The table below includes all workers including permanent staff, those on fixed term agreements, agency staff and Executive Team and Board members.

	2025-26			2024-25
	Permanent Staff £'000	Other staff £'000	Total £'000	Total £'000
Wages and salaries	103,048	4,681	107,729	104,568
Social security costs and other taxation	13,787	665	14,452	11,501
Other pension costs	25,666	335	26,001	26,143
Total net salary costs	142,501	5,681	148,182	142,212
Other expenditure for staff		Note		
Exit package costs			216	1,034
IAS 19 (pensions) service charge		15	4,070	6,167
Less in-year LGPS pension contributions			(5,850)	(6,899)
Movement in accrued holiday pay			822	322
Total other expenditure for staff			(742)	624
Less amounts charged to capital projects			(12,777)	(11,877)
Total staff costs			134,663	130,959

Details of our pension obligations can be found in Note 15.

Details of the remuneration of Board members and directors are in the remuneration report. Bought-in services in Note 5 (other expenditure) includes £4.6 million of expenditure on consultants (2024-25 £2.2 million).

2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

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: www.civilservice-pensions.gov.uk

For 2025-26, employer's contributions of £19,960k were payable to the PCSPS (2024-25: £19,066k) at a single rate of 28.97% of pensionable pay (for 2024-25 28.97%). 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 £186k (2024-25: £169k) were paid to the appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75% (2024-25 8% to 14.75%). Employers also match employee contributions of up to 3% of pensionable earnings. In addition, employer contributions of £8k, 0.5% of pensionable pay

(2024-25 £6k), 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 2025 valuation assessed the EAPF financial position with a funding level of 143% (2022: 103%). 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. 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 2025-26 the employer's contribution rate was 21.60% (2024-25: 21.60%). In 2025-26 employer's contributions of £5,850 were paid to the EAPF (2024-25: £6,899k) which reduces the balance on the IAS 19 pension fund.

2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

Exit packages

The total number of exit packages by cost band	2025-26	2024-25
Under £10,000	0	2
£10,001 - £25,000	0	11
£25,001 - £50,000	1	6
£50,001 - £100,000	2	7
£100,001 - £150,000	0	1
Total	3	27
Resource cost of exits disclosed above	£198,105	£1,033,832
Adjustment to prior year accruals	£18,000	
Total cost for year	£216,188	£1,033,832

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 2025-26. The table excludes any related National Insurance and Pension costs. The 3 exits disclosed were agreed as part of the implementation of our Case for Change programme. All 3 were paid during 2025/26. Of the 3, 1 was a compulsory redundancy. There were no compulsory redundancies in 2024-25.

Exit costs of £1,220k were actually paid in 2025-26, which includes exits payments of £1,004k which were accrued in 2024-25 but paid during the current year.

The adjustment included in the table relates to compensation and payments in lieu of notice accrued at March 2025 for 24 staff members who left under the Case for Change redundancy programme. The accrued exit packages for these staff were disclosed and accrued into last financial year, but the final payment was calculated and paid during 2025-26. An adjustment to the final payment value was required due to increased salary costs following the applicaton of the annual pay award.

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 2025 to 31 March 2026) showed an average of 7.3 days lost per employee and equates to 3.3% average absence rate. For 1 April 2024 to 31 March 2025, this was 7.4 days lost per employee equating to 3.4%.

Disability policies (not subject to audit)

NRW is committed to supporting disabled people during recruitment and at work. NRW's disability policies outlines how the organisation is proactively removing societal and workplace barriers. This helps to create an inclusive work environment where disabled people have equal opportunities and are able to thrive in their employment.

Disability Confident Employer

The disability confident employer scheme supports inclusive recruitment.

NRW holds a Level 2 accreditation under the Disability Confident Employer scheme until March 2027. We also continue to promote the benefits of our internal Work and Wellbeing Passport around reasonable adjustments in the workplace.

Over the last year, we have received 948 requests for interviews under this scheme's guaranteed interview process. Of the requests,18 requests

were from internal colleagues and 930 from external candidates, with 97 candidates invited to an interview. 851 did not meet the minimum criteria requirement for the roles in questions and were declined an interview on this occasion.

Due to a recruitment freeze in 2024 this has impacted in our ability to realistically compare statistics from this last reporting period in which we received 14 requests for interviews from internal candidates, 14 from external candidates with 3 invited to interview.



2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

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

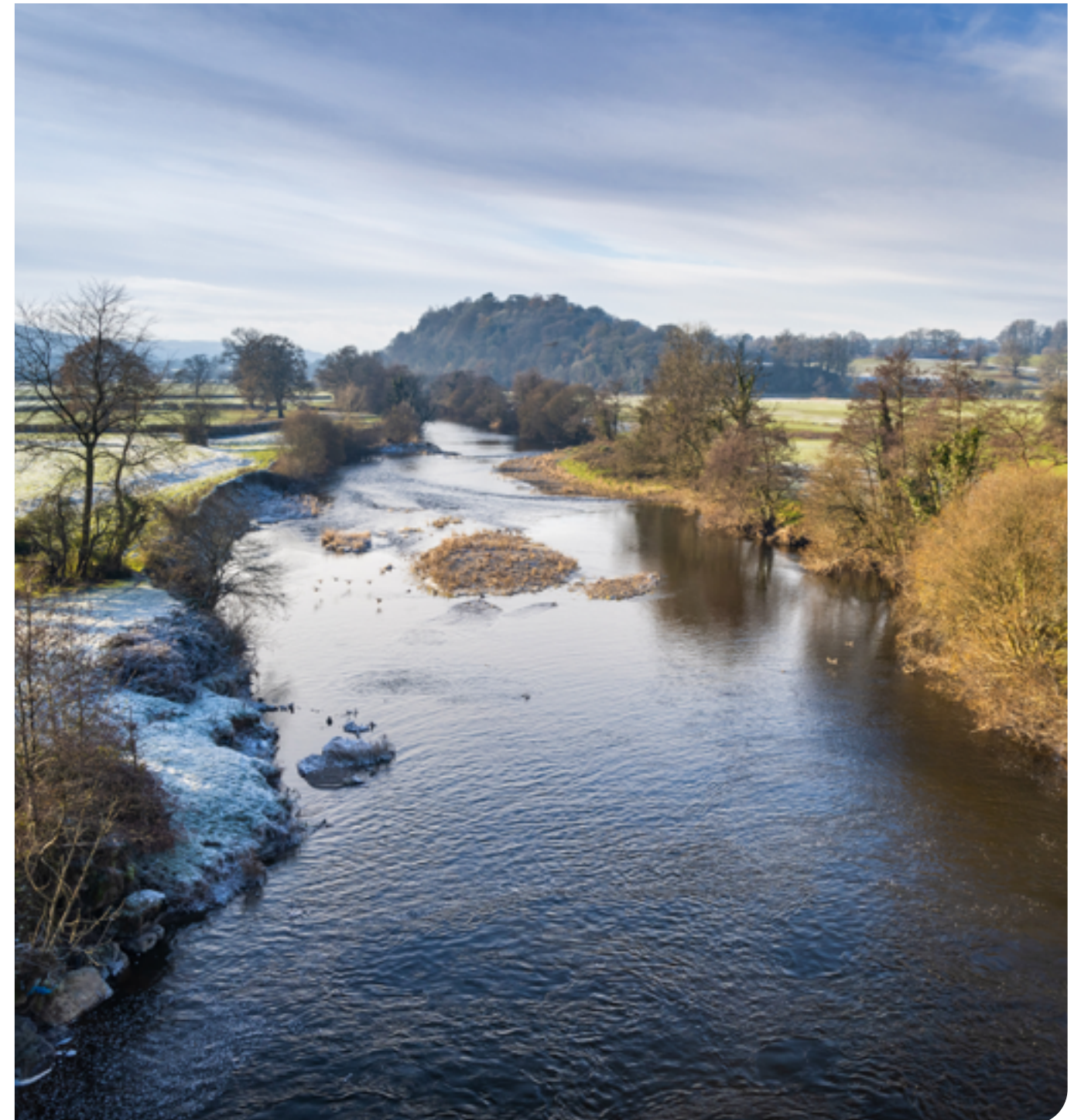
Employee resource groups (ERG), also known as Employee or staff networks are a supportive and welcoming space for our colleagues to come together to create change in the workplace. Employee Resource Groups are often centred around an under-represented protected characteristic in the workplace. The networks provide our colleagues with the opportunity to meet with colleagues from across the organisation and get involved with network activities. The networks also contribute to people related policies and procedures, as well as Equality Impact Assessments that are completed by policy or project owner.

We currently have 6 Employee Resource Groups that represent protected characteristic themes, namely disability, sex and gender, sexual orientation, religion, and belief.

These are:

- Calon - The LGBTQ+ Staff Network
- Christian Fellowship Staff Network
- Cwtch - The Carers Network
- Neurodiversity Staff Network
- The Women's Network
- GEM - Global Ethnic Minorities Staff Network

Each ERG has a lead or joint leads. These roles are carried out voluntarily with line management permission. We have good practice guidance which outlines the aims and objectives of Networks, provide 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.



2.

Remuneration and Staff Report

Remuneration and Staff Report (audited)

Off-payroll engagements (not subject to audit)

Off-payroll engagements are arrangements where employer organisations hires a worker who provides their services through an intermediary such as their own limited company (often called a Personal Service Company or PSC), a partnership, or other individual, rather than directly as an employee paid on the payroll.

NRW does not engage contractors via personal service companies, partnerships, or other corporate entities. Any off-payroll workers are engaged via employment agencies and the workers are employees of those agencies, subject to 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.

We are required to publish information about off payroll engagements 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.

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

Off-payroll engagements as of 31 March 2026, for more than £245 per day

Number of existing engagements at 31 March 2026 that have existed for:	Number of engagements
less than one year	0
between one and two years	8
between two and three years	0
between three and four years	0
four or more years	1
Total	9

All off-payroll workers engaged at any point during the year ended 31 March 2026, earning £245 per day or greater

	Number of engagements
The Number of temporary off-payroll workers engaged during the year ended 31 March 2026	13
of which:	
Not subject to off-payroll legislation (employed by agency organisation in the supply chain)	13
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

3

Parliamentary and Audit Report (audited)



3.

Parliamentary and Audit Report

Parliamentary and Audit Report (audited)

Losses and special payments

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

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 approved in 2024-25, but this is not included below. This is included within the comparative information within the Exit Payments table above.

	2025-26 Number	2025-26 £'000	2024-25 Number	2024-25 £'000
Write-off of irrecoverable debts	137	305	94	182
Loss of assets	24	1,295	8	164
Other losses (cash losses, fruitless payments, unenforceable claims, or gifts)	7	3	3	254
Special payments	3	151	8	15,843
Total	171	1,754	114	16,443
Waiver of income*	4	13	3	25
Total	175	1,767	117	16,467

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

Included within Losses and special payments in note 5 to the accounts is a credit of £50k which relates to a part refund of a special payment made and approved in 2024-25.

Ceri Davies

Chief Executive and Accounting Officer
14 July 2026



3.

Parliamentary and Audit Report

Parliamentary and Audit Report (audited)

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 2026 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 2026 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.

3.

Parliamentary and Audit Report

Parliamentary and Audit Report (audited)

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.

3.

Parliamentary and Audit Report

Parliamentary and Audit Report (audited)

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
16 July 2026

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

The maintenance and integrity of the Natural Resources Wales website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.



Financial Statements and Notes to the Accounts for 2025-26

Ceri Davies

Chief Executive and Accounting Officer
14 July 2026

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