

# Agenda – Climate Change, Environment, and Infrastructure Committee

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Meeting Venue:

Committee room 4 Tŷ Hywel  
and video Conference via Zoom

Meeting date: 14 January 2026

Meeting time: 09.30

For further information contact:

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Committee Clerk

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## Hybrid

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**Private pre-meeting (09.15–09.30)**

**Public meeting (09.30–11.00)**

### 1 Introductions, apologies, substitutions, and declarations of interest

(09.30)

### 2 Annual scrutiny of Natural Resources Wales

(09.30–11.00)

(Pages 1 – 187)

Ceri Davies, Interim Chief Executive Officer – Natural Resources Wales

Neil Sachdev, Chair – Natural Resources Wales

Rachael Cunningham, Executive Director for Finance and Corporate Services –  
Natural Resources Wales

[Natural Resources Wales Annual Report and Accounts 2024–2025](#) (PDF

2.8MB)

Attached Documents:

Research brief – Annual scrutiny of Natural Resources Wales

Paper – Natural Resources Wales

Paper – Natural Resources Wales Annual Report and Accounts 2024–2025



### **3 Papers to note (11.00)**

#### **3.1 Dŵr Cymru's Trawsnewid Programme**

(Pages 188 – 197)

Attached Documents:

Letter from the Chair to the Chief Executive of Dŵr Cymru Welsh Water in relation to Dŵr Cymru's Trawsnewid Programme and other matters

Response from the Chief Executive of Dŵr Cymru Welsh Water to the Chair in relation to Dŵr Cymru's Trawsnewid Programme and other matters

#### **3.2 Scrutiny of Natural Resources Wales**

(Pages 198 – 207)

Attached Documents:

Response from Natural Resources Wales to the Chair in relation to the Committee's report: Natural Resources Wales – Annual scrutiny 2024–25

#### **3.3 Scrutiny of Transport for Wales**

(Pages 208 – 213)

Attached Documents:

Follow up letter from the Chair of Transport for Wales to the Chair in relation to Transport for Wales' approach to aspects of bus franchising

#### **3.4 Petition P-06-1521: Give park home residents in Wales the right to a water meter**

(Pages 214 – 215)

Attached Documents:

Letter from the Chair of Petitions Committee to the Chair in relation to Petition P-06-1521: Give park home residents in Wales the right to a water meter

#### **3.5 Petition P-06-1541 Produce a Clean Water Bill for Wales and for Welsh Rivers**

(Pages 216 – 217)

Attached Documents:

Letter from the Chair of the Petitions Committee to the Chair in relation to:  
Petition P-06-1541 Produce a Clean Water Bill for Wales and for Welsh Rivers

**3.6 Petition P-06-1552 Stop building industrial solar ‘farms’ close to residential buildings and within village boundaries**

(Page 218)

Attached Documents:

Letter from the Chair of the Petitions Committee to the Chair in relation to:  
Petition P-06-1552 Stop building industrial solar ‘farms’ close to residential buildings and within village boundaries

**3.7 Petition P-06-1553 Increase investment and action in nature-based flood management to protect Welsh communities**

(Pages 219 – 220)

Attached Documents:

Letter from the Chair of the Petitions Committee to the Chair in relation to:  
Petition P-06-1553 Increase investment and action in nature-based flood management to protect Welsh communities

**3.8 Deposit return scheme**

(Page 221)

Attached Documents:

Letter from Matthew Kay to the Chair in relation to the Welsh Deposit Return Scheme

**3.9 Renewable energy development figures**

(Pages 222 – 227)

Attached Documents:

Letter from Matthew Davies to the Chair in relation to renewable energy development figures

- 4 Motion under Standing Order 17.42 (vi) and (ix) to resolve to exclude the public from the remainder of this meeting**

(11.00)

**Private meeting (11.00–11.45)**

- 5 Consideration of evidence received under item 2**
- 6 Consideration of draft report on the Legislative Consent Memoranda for the Sustainable Aviation Fuel Bill**

(Pages 228 – 233)

Attached Documents:

Draft report on the Legislative Consent Memoranda for the Sustainable Aviation Fuel Bill

Document is Restricted

# Annual Scrutiny of Natural Resources Wales 2025-26: Written Evidence

15th December 2025

## Delivering on Our Wellbeing Objectives

Natural Resources Wales is committed to ensuring people and nature thrive together. To achieve this, our work is guided by three Wellbeing Objectives: nature recovery, climate resilience, and minimising pollution. These objectives shape our priorities and actions for a healthier, more sustainable Wales.

Despite a period of significant change, we have continued to make strong progress. Through evidence-based approaches, innovation, and collaboration, we are delivering real impact - from restoring rivers and habitats to enabling industrial decarbonisation and improving flood resilience. We've included a few notable highlights below to demonstrate this work, but this is by no means an exhaustive list of progress.

Looking ahead, we remain focused on building on this progress throughout 2026. Working with partners across Wales, we will continue to deliver outcomes that matter: resilient communities, thriving ecosystems, and a cleaner, greener environment for future generations.

### **Nature Wellbeing Objective**

Our nature recovery work is delivered through flagship programmes such as NACE and the LIFE Projects, including LIFE Dee River and Four Rivers for LIFE. These initiatives apply the principles of Sustainable Management of Natural Resources (SMNR) and build strong partnerships at local, regional, and national levels.

With £117 million forecasted to be invested by the end of 2025-26, we are restoring habitats and improving biodiversity through programmes for water quality, marine environments, forests, peatlands, fisheries, and mine remediation. This includes the National Forest Programme, the National Peatlands Action Programme, and targeted work on metal mine remediation.

Delivery has been practical and impactful:

- 26 miles of riverbank fencing to protect habitats
- 20,000 trees planted to create riparian corridors
- Over 8,000 tonnes of boulders and gravel introduced to improve riverbed structure
- 10 in-river barriers removed or adapted to restore fish migration routes

We have also strengthened delivery mechanisms - introducing new grant types, improving land management agreements, and signing MOUs with partners such as the Mine

Remediation Agency. These improvements make us a more efficient and effective partner, ensuring long-term benefits for nature recovery across Wales.

### **Climate Wellbeing Objective**

Tackling the climate emergency is central to our mission. We are enabling industrial decarbonisation, pioneering innovative permitting for carbon capture, and improving flood resilience services.

Our dedicated Industrial Decarbonisation Team, established in 2023, supports Wales's highest-emitting sectors - steel, cement, Liquefied Natural Gas, and power generation - on their journey to net zero. We are actively enabling projects such as:

- Tata Steel's Electric Arc Furnace in Port Talbot
- Green hydrogen production hubs at Pembroke Power Station and Milford Haven
- Carbon capture initiatives by RWE and Dragon LNG
- The UK's first Carbon Capture and Storage permit for Padeswood Cement Plant, capturing 800,000 tonnes of CO<sub>2</sub> annually

We have introduced digital twin technology to model complex CCS operations and co-produce enforceable permit conditions and developed a Targeted Operating Model (TOM) to accelerate permitting for major projects without compromising regulatory integrity.

For adaptation, we launched the new Flood Warning Information Service in July 2025, replacing the previous EA-managed system. This bespoke service offers bilingual alerts, multi-channel delivery, and user-driven customisation - designed around customer needs and built to evolve over time.

### **Pollution Wellbeing Objective**

Minimising pollution is essential to protect Wales's environment and public health. We are addressing legacy issues such as abandoned metal mines, improving marine and freshwater quality, and strengthening our response to pollution incidents.

Abandoned metal mines remain the principal cause of waterbodies failing to meet Water Framework Directive standards, impacting over 700 km of rivers. Through Welsh Government's NACE funding, we have delivered:

- Monitoring at 88 sites
- Feasibility studies at 21 sites
- Detailed design at 15 sites
- Remedial works at 8 priority locations, including major interventions at Cwmrhediol

We are also building public awareness through the Y Môr a Ni Ocean Literacy Framework, working with partners such as Welsh Government, Cardiff University, and the Marine Conservation Society to strengthen Wales's relationship with its coasts and seas.

Finally, we are transforming our incident response model from reactive to strategic - prioritising major incidents, prevention, and intelligence-led approaches. This ensures resources are targeted where they deliver the greatest environmental benefit, supported by new tools and cultural change across teams.

## An Update on the Case for Change Impacts

Over the past year, NRW has navigated a period of significant change, ensuring that the organisation has a financially sustainable and affordable structure that is aligned to the delivery of the Corporate Plan. The change was informed by a detailed prioritisation exercise, where we focussed on those things only, we can do and have the greatest impact on delivering for Nature, Climate and Pollution prevention. The changes have resulted in changes and impacts across the organisation, but we worked hard to minimise these and maintain our focus on delivering the Corporate Plan. A specific update on Visitor Centres, which were particularly impacted by the Case for Change, is provided later in this document.

Towards the end of the Case for Change, Ministers confirmed that in 2025/26, NRW would receive an additional £25m in funding – comprising ring-fenced project funding alongside an increase in baseline Grant in Aid. Around £4m of this additional Grant in Aid funding has been directed to priority areas such as water quality, biodiversity, evidence monitoring and flood risk management, helping to mitigate potential impacts of restructuring on service delivery.

Critically, this additional funding also enabled us to mitigate the impacts of the Case for Change on our staff. Whilst the Case for Change proposals placed 113 of our colleagues at risk of redundancy, 81 secured other roles within NRW with 26 leaving the organisation through voluntary redundancy, and one leaving through compulsory redundancy. We provided dedicated support throughout, including outplacement services for those leaving the organisation.

Having concluded the implementation phase of the Case for Change, our focus has now moved on to ensuring we are well-positioned and resilient for the future. We are turning lessons from the case for change into practical actions and strategic improvements. Our priorities are to:

- Strengthen our resilience against external pressures such as inflation, changing political priorities, and fluctuations in funding.
- Create an agile, responsive organisation that reduces the need for major change programmes in the future.
- Improve multi-year planning to give clarity and transparency for our people and stakeholders.

By acting now, we will ensure we are sustainable and resilient, maintaining our ability to deliver, whatever the future brings.

## An update on Visitor Centres

NRW has launched a marketing exercise to find partners who can enhance visitor experiences while protecting nature at Bwlch Nant yr Arian, near Aberystwyth, and Coed y Brenin, near Dolgellau.

We are inviting proposals to run the Visitor Centres and surrounding areas, with options for additional buildings and land. This follows the success of Borth Community Hub, which now delivers activities, workshops, and food and drink at the Ynyslas Nature Hub at Dyfi Nature Reserve.

The marketing exercise launched in November 2025 and runs until Summer 2026, giving community groups, small enterprises, start-ups, and commercial businesses the time, support, and opportunity to make a bid for long-term, sustainable partnerships.

In the meantime, paths, trails, car parks, and toilets remain open, managed by NRW, and our land management teams continue vital work to protect wildlife and maintain these special sites.

## Implications of the Independent Water Commission Report and Associated Water Industry Reform

We welcomed the Independent Water Commission's review as a key step toward creating a water system fit for the future. NRW engaged fully throughout, including submitting a formal response, and we are pleased the recommendations reflect the Welsh context.

The report sets out significant reforms, and while government implementation plans are still being finalised, NRW is actively advising Welsh Government and DEFRA to ensure outcomes benefit Wales' environment and communities. We look forward to responding to the forthcoming Green Paper and contributing to the joint England-Wales transition plan, which will include a dedicated chapter for Wales.

### Key implications for NRW include:

- **New Economic Regulator and Systems Planning:** Welsh Government intends to establish a dedicated regulator with water system planning functions. NRW supports this proposal and will work to ensure integration with our environmental planning and regulatory roles.
- **Water Company Planning:** Changes to investment planning will require NRW to adapt processes to maintain statutory duties and influence environmental outcomes.
- **Legislative Review:** Proposals include updates to Water Framework Regulations, Urban Waste Water Treatment Regulations, and approaches to self-monitoring and asset resilience. NRW will ensure changes maintain environmental standards and deliver improvements.
- **Cross-Border Alignment:** We will work with Welsh Government to manage implications for collaboration across the England-Wales border.
- **Transition Planning:** A shared transition plan will ensure continuity of essential functions and strong environmental regulation during change.

These reforms are complex but present an opportunity to modernise regulation, strengthen resilience, and deliver long-term benefits for Wales. NRW will continue to work closely with Welsh Government to ensure implementation is realistic, well-resourced, and aligned with environmental priorities.

## NRW's Work on Protected Sites for Nature Recovery

The Global Biodiversity Framework (GBF) sets ambitious targets, including “30 by 30” - protecting and effectively managing 30% of land, freshwater, and sea by 2030. Welsh Government is implementing this through the UK Biodiversity Strategy and the Ministerial Biodiversity Deep Dive recommendations, and NRW is central to delivering these commitments.

Our Corporate Plan places protected sites at the heart of nature recovery. We are improving site condition and resilience by working with landowners, occupiers, and stakeholders, while advocating for transformative change across sectors such as food, energy, and transport to scale up recovery and financing.

### Key Actions and Progress Include:

- **Active Designation:** In the past two years, we designated three new SSSIs and extended two existing sites, bringing 4,740 hectares under statutory protection. We also published new Conservation Advice Packages and Condition Assessments for major Marine Protected Areas. Following Audit Wales' report on SSSI designation, we are developing a strategic approach to spatial measures for nature recovery, integrating SSSIs with other conservation tools such as Naturfa (Other Effective Area-Based Conservation Measures). We have also contributed evidence to the Interim Environmental Protection Assessor for Wales and are preparing for legislative changes.
- **Strategic Investment:** Over the last five years, NRW has invested £95 million from Welsh Government through our Nature and Climate Emergency (NaCE) Programme, delivering projects that enhance National Nature Reserves (NNRs), improve SSSIs, Upper Wye Restoration Project and tackle water quality issues to benefit rivers and species.
- **LIFE Projects:** Major collaborations such as LIFE Dee River (£6.8m), Four Rivers for LIFE (£9.1m), and LIFEQuake (£4.67m) have restored habitats, improved fish passage, tackled invasive species, and enhanced water quality.
- **Natur am Byth:** Our flagship species recovery programme has already engaged 42,000 people and shows positive signs of recovery for many threatened species.
- **Annual Land Management Support:** We invest £1.2m annually in sustainable land management practices across 300+ holdings, helping maintain and improve SSSI condition.

### Future Focus

Through ENCA, we lead work to embed transformative change for nature across Europe, recognising that achieving GBF targets requires greater capacity and financing beyond public and voluntary sectors.

To achieve 30 by 30 and long-term nature recovery, we need transformative change across multiple systems - including food, energy, and transport - while working with all sectors to scale up capacity and secure sustainable financing.

This means planning and prioritising site designation and management, alongside new mechanisms, and promoting a nature-positive culture that strengthens ecological resilience across Wales.

We are also exploring opportunities to extend protection and management of land, freshwater, and sea to accelerate biodiversity recovery. Our work includes assessing applications for consent, undertaking Habitats Regulations Assessments, using site management incentives, and taking enforcement action where necessary.

## Progress Update on the Development of the Common Warnings Framework and Other Flood Forecasting Measures

### Common Warnings Framework

NRW is playing a key role in developing the UK-wide Common Warnings Framework (CWF), building on lessons from the 2020 floods in Wales. This partnership brings together flood agencies across the UK, the Met Office, and the Flood Forecasting Centre to ensure consistent, authoritative weather and flood warnings and improve collaboration to save lives.

Our shared goals:

- Speak with one voice and maintain an authoritative national position.
- Develop and share warning methodologies.
- Make messages easier to share and reuse.
- Keep saving lives as the primary focus.

The need for this structured collaboration has grown following major flood events and rapid changes in technology and communications. Amongst the key updates to date are:

- We are aligning risk matrices used in severe weather and flood guidance to improve consistency and clarity. Prototypes tested with responders have been approved, and implementation planning is underway.
- We have agreed a common approach to flood warning data so that major platforms (e.g., Google Alerts) can share our warnings. We are upgrading our systems to deliver international standard Common Alerting Protocol (CAP) -compliant data by spring 2026.

### Other flood forecasting improvements

NRW continues to strengthen flood forecasting through close collaboration with the Met Office and Flood Forecasting Centre. Our focus is on introducing probabilistic ensemble forecasts to improve accuracy and resilience.

- **Reasonable Worst-Case Scenarios:** Enhanced data will improve risk assessments and communications, going live in spring 2026 as an interim step before full probabilistic forecasting.
- **Probabilistic Forecast Ensembles:** We have requested full ensemble data from the Met Office and expect trial data soon. This will inform a transformation programme to embed probabilistic forecasting into public warnings, supported by user research to ensure clarity and trust.
- Future stages will require investment in systems, training, and model coverage to fully realise these benefits. We are working with Welsh Government to secure

resources, recognising that climate change and increasing flood risk demand ongoing innovation and investment.

## **Management of NRW's Forestry/Timber Budget over time and the Arrangements for Welsh Government Underwriting this**

NRW manages the Welsh Government Woodland Estate (WGWE) and National Nature Reserves to deliver sustainable land stewardship, aligned with the UK Woodland Assurance Scheme and UK Forestry Standard. This ensures responsible woodland management, environmental benefits, and the production of certified timber for the Welsh timber sector.

### **Funding Model and Stability**

The WGWE is funded through a mix of Grant in Aid, timber income, renewable energy revenues, and Welsh Government grants for specific activities. Timber income typically ranges between £31 - 36m annually, but market volatility can impact returns. To provide stability, Welsh Government introduced the Timber Funding Model, underwriting annual income to protect against short-term fluctuations and enable confident planning.

We facilitate renewable energy development on the WGWE, ensuring full cost recovery and compensatory planting to maintain certified woodland standards and prevent deforestation.

### **Future Planning**

We are finalising our Timber Sales and Marketing Plan (2026–2031) to set harvest levels and routes to market, ensuring compliance with UKWAS and delivering diverse, resilient woodlands. In addition, we are exploring new financing options for nature and climate action as part of our upcoming Growth and Value Strategy, working with Welsh Government to maximise opportunities for Wales.



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

# Annual report and accounts 2024 -2025

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## Chair's foreword

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Sir David Henshaw**

**Chair**

**28 October 2025**

# Performance Report

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

## Chief Executive's statement

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

## Strengthening the resilience of NRW

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

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

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

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

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

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

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

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

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

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

## Delivery

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

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

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

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

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

## Additional funding for 2025/26

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

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

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

**Ceri Davies**

**Interim Chief Executive and Accounting Officer**

**28 October 2025**

## About NRW

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

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

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

## Our well-being objectives to 2030

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

By 2030 in Wales:

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

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

## Key risks summary

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

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

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

A summary of key risk areas is as follows:

## Financial sustainability

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

## Organisational resilience

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

## Health and Safety

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

## Values and ways of working

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

## People

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

## Political, legislative, economic environment

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

For more on risk(s), please see:

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

## Finance summary

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

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

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

## Managing our money

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

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

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

## Future look

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

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

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

## Non-current assets

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

## Payment of trade and other payables

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

## Debtor performance

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

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

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

## Going Concern

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

## Pensions

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

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

## Auditors

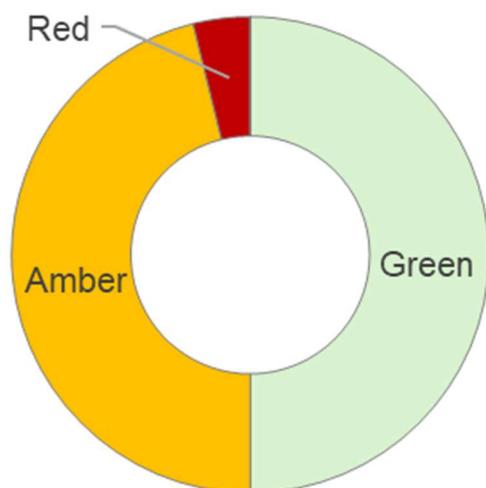
Our accounts are audited by the Auditor General for Wales. The audit fee for 2024/25 is anticipated to be £217k.

## Other reports

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

## Performance summary

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



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

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

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

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

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

## Alignment and scrutiny

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

<sup>1</sup> (or amended)

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

# Performance analysis

## Overview

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

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

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

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

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

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

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

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

## Well-being objective 1: Nature is recovering



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

Commitment	Deliverables
8 - Invest in capacity building to enable delivery in 2024-25 and future expansion of the National Peatland Action Programme: <span style="border: 1px solid black; padding: 2px;">Amber</span>	◆ ■ ★
9 - Strengthen capacity and evidence informing spatial prioritisation to enable effective future restoration within marine and coastal habitats: <span style="border: 1px solid black; padding: 2px;">Amber</span>	■ ◆
10 - Deliver capital projects and sustain levels of protection for properties to reduce flood risk: <span style="border: 1px solid black; padding: 2px;">Green</span>	★★
11 - Improve the Flood Warning Service and Telemetry System to deliver efficiencies and maintain continuity of service to customers: <span style="border: 1px solid black; padding: 2px;">Amber</span>	◆◆
12 - Review the prioritisation approach for flood asset maintenance and management to ensure our investment is risk based: <span style="border: 1px solid black; padding: 2px;">Amber</span>	★ ■
13 - Develop understanding, using insight to enhance pre-application processes related to statutory planning and permitting applications to facilitate industrial decarbonisation and reduction of landfill greenhouse gas emissions: <span style="border: 1px solid black; padding: 2px;">Green</span>	★★★
14 - Enhance evidence, guidance, and pre-application advice to improve the quality of submissions for planning permissions and permit/licence applications: <span style="border: 1px solid black; padding: 2px;">Amber</span>	■ ◆ ★
15 - Prioritise actions with the greatest cost benefit on carbon dioxide equivalent (CO <sub>2</sub> e)/ greenhouse gases (GHGs) to deliver our annual prioritisation within the Net Zero Plan: <span style="border: 1px solid black; padding: 2px;">Amber</span>	★★ ■
16 - Embed the use of carbon reduction tools and plans into high value contracts and frameworks to improve the quality of submission: <span style="border: 1px solid black; padding: 2px;">Green</span>	★★★

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

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

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

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

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

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

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

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

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

## Well-being objective 3: Pollution is minimised



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

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

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

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

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

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

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

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

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

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

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

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

**Ceri Davies**

**Interim Chief Executive and Accounting Officer**

**28 October 2025**

# Accountability Report

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

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

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

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

# Corporate Governance Report

## Directors' Report

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

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

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

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

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

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

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

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

**Ceri Davies**

**Interim Chief Executive and Accounting Officer**

**28 October 2025**

## Statement of Accounting Officer's Responsibilities

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

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

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

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

## Governance Statement

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

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

## Our governance structure

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

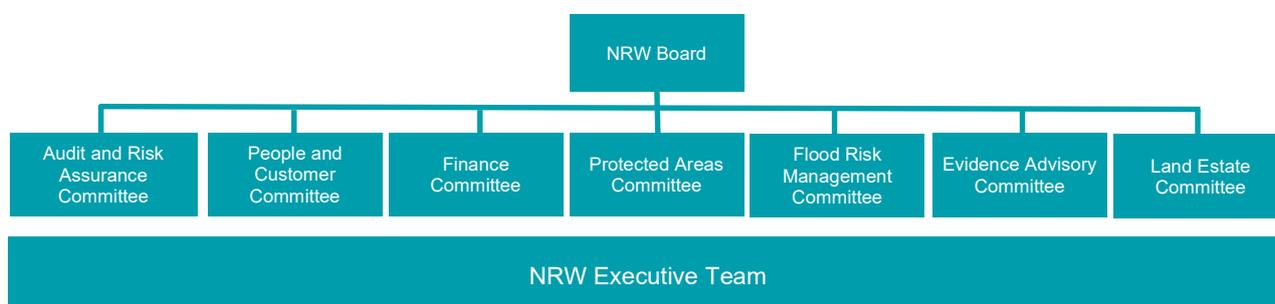
Our Board members are appointed by Welsh Ministers in accordance with the Code of Practice for Ministerial Appointments in Public Bodies, and as such our Chair is accountable to our sponsor minister in the Welsh Government.

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

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

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

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



## Board Meetings

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

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

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

## Board member attendance 2024/25

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

## Audit and Risk Assurance Committee

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

This year ARAC addressed a range of issues including:

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

## Board member ARAC attendance 2024/25

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

## People and Customer Committee

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

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

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

## Board member PCC attendance 2024/25

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

## Finance Committee

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

This year the Committee considered the following:

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

## Board member Finance Committee attendance 2024/25

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

## Protected Areas Committee (PrAC)

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

The Committee reviewed areas including:

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

## Board member PrAC attendance 2024/25

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

## Flood Risk Management Committee

The Committee is advisory and reports to our Board.

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

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

FRMC reviewed areas including:

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

## Board member FRMC attendance 2024/25

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

## Evidence Advisory Committee

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

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

EAC reviewed areas including:

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

## Board member EAC attendance 2024/25

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

## Land Estate Committee

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

LEC reviewed areas including:

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

## Board member LEC attendance 2024/25

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

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

## Board Effectiveness review

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

## Board Member reviews

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

## Our Executive

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





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

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

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

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

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

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

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

## Ministerial Directions

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

## Our Internal Control Framework

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

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

## Risk Management

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

## Risk Management Framework



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

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

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

## Risk Appetite

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

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

## Strategic risk management

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

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

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

## Information assurance

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

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

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

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

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

## Declaration of Interest

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

## Raising a Serious Concern in the Public Interest

### Raising a Serious Concern in the Public Interest within NRW

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

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

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

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

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

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

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

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

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

## Fraud

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

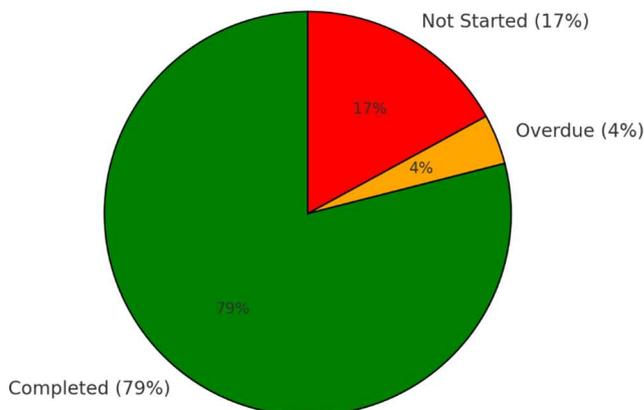
As part of our prevention and detection efforts, we continue to provide mandatory eLearning courses to help staff identify fraud risk indicators and understand their responsibilities. In 2024/25, a new streamlined Fraud, Bribery and Corruption e-learning module was launched via the Learning Management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

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

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

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

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



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

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

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

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

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

## Investigations

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

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

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

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

## Compliance with required codes and guidance

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

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

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

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

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

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

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

## Our Assurance Framework

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

## Internal Audit

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

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

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

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

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

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

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

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

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

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

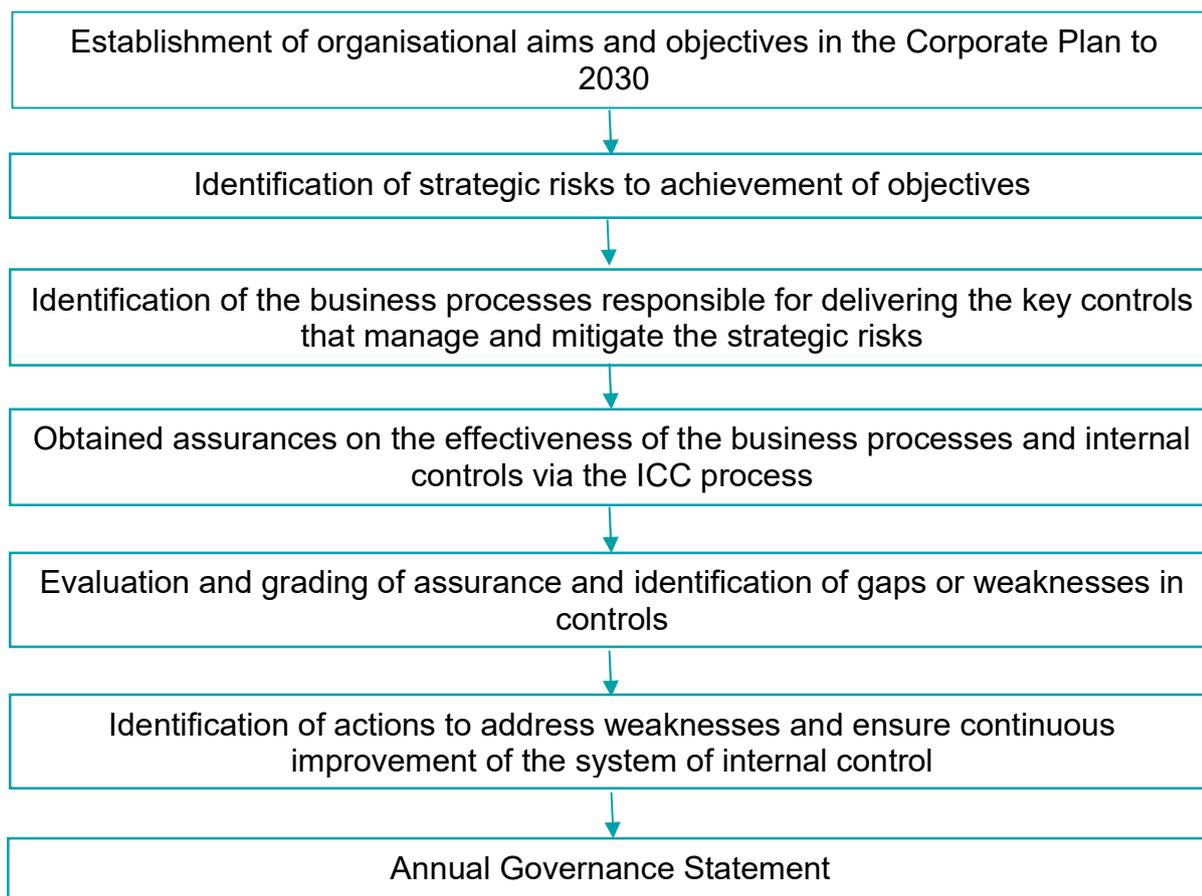
## External audit

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

## Effectiveness of the system of internal controls

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

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



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

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

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

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

Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
<p>Workforce:</p> <p>A recruitment freeze has been in place across the organisation during the year as a result of the work on the Case for Change. During the year, the Board took the decision to implement changes to the structure to invest in priority areas that will drive long-term benefits for Wales' natural environment. That resulted in the need to stop or scale back certain services to ensure that resources were used as efficiently and effectively as possible. This also meant removing a number of roles from the organisational structure.</p> <p>This is recognised as a key control in terms of the ability to deliver a balanced budget during a period of significant financial pressure.</p> <p>1 These deliberate measures did however create pressures on the existing workforce, with impacts across the organisation. Some teams carried significant vacancies, with structures reducing and remaining below capacity for a significant period of time.</p> <p>The Case for Change has also impacted the People function in NRW, resulting in reductions in staff in some of the People teams leading to reduced capacity going forward, the pausing of certain key activities (e.g. Strategic Workforce Planning) to redirect staff to support the change process and limited capacity within the team and wider workforce to progress issues such as Succession Planning.</p>	<p>The work on the Case for Change has now concluded and to address the gaps in our new organisational structure, we have put in additional resource – both internally and externally – to support this process. In parallel, we have recently invested in an eRecruitment system which will be introduced in 2025 and result in us being able to manage recruitment more efficiently and strategically. To support recruitment and to help manage the churn it inevitably creates, our default is to advertise all roles externally and staff will be expected to stay for a minimum period in new roles to create stability and support delivery. We have also substantially revised our Workforce controls. Directorates will be given staff headcount and financial ceilings that act as upper limits. Within those ceilings they have discretion to change and adapt as they deem appropriate, supporting greater flexibility for budget managers.</p> <p>We will be working closely with Directorate Workforce Panels to embed these new processes.</p> <p>In addition to the above, we will continue to work on delivering improvements to our workforce systems and processes through the People Transformation Programme. Over the course of 2024/25, the resource for the Programme was significantly curtailed to support the delivery of the Case for Change. However, significant progress was made in a number of areas including:</p> <p>Roll-out of a new Learning Management System (LMS, supporting key WHS and Learning and Development objectives.</p>

Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
	<p>The Procurement of a new e-recruitment system.</p> <p>The roll-out of Perform, to support individual performance management, as part of our LMS.</p> <p>Over the course of 2025/26, to support our Workforce ambitions, the Programme will:</p> <p>Implement our new eRecruitment system</p> <p>Re-commence our work on Strategic Workforce Planning, following the work on the Case for Change, with the aim of having an organisation-wide plan and approach in place by the end of the year</p> <p>Further utilisation of our Learning Management System, to help us respond to training needs and understand the strategic training requirements. We will also roll-out a 360-feedback module as well as a Succession Planning module. The latter will help to ensure a more consistent and simpler approach to succession planning, supporting wider Strategic Workforce Planning.</p> <p>Review our approach to Flexible Resourcing, including the role and purpose of the Flexible Resource Pool.</p>
<p>2 ICT:</p> <p>Although there is recognition of the delivery of some improvements during the year, such as the rollout of new surface laptops, creation of a new Digital, Data and Technology (DDaT) department, and the escalation of some key ICT related risks being managed/mitigated, it is widely acknowledged that this is an area requiring significant investment and improvement. There continues to be a reliance on minimum viable products in</p>	<p>As part of the Case for Change during the year, ICT was identified as an area to be invested in. However, due to financial pressures it did end up seeing a reduction in its budget to contribute to the overall savings required by the organisation. Throughout the year we have been able to make progress in the stabilise programme (under NRW2030) and have continued to enhance and maintain our defence against cyber-attacks and protection of information</p>

Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
<p>many areas, many systems not managed centrally by the ICT department, and a lack of key ICT systems in other areas.</p>	<p>assets. In addition, progress has been made in non ICT managed services and a significant system (MyNRW) was moved under the central control of ICT.</p> <p>We have moved to windows 11 and removed all windows 10 devices to improve remote access security.</p> <p>We formed the Digital Data and Technology (DDAT) team in January 2025 which brings together digital , data and technology under one single lead.</p> <p>Outside of the delivery work, we've also been investing in our people. We've been sending some of our team to take part in "Cross Gov" DDaT leadership workshops and we also set up workshops with other Gov entity's such as DVLA to collaborate with them and learn from their DDaT transformation work.</p> <p>Within the technology team, staff have been trained to increase our capabilities. This means we now have a Certified Scrum Master, ITIL v4 and APM Project Management Qualification (PMQ) qualified staff within our Business As Usual (BAU) team.</p> <p>Following an external recruitment process, we have since appointed a new Head of DDAT who started in May 2025 who will lead us through the transformational changes needed to support the delivery of the newly developed additional Wellbeing Objective.</p>
<p>3 Finance: Projects &amp; Programmes:</p> <p>In recent years we have seen an increasing proportion of our spend managed through programmes and projects. This ranges from the traditional Flood Capital Programme to the Nature</p>	<p>Key members of the PMO team were deployed to the Case for Change Project in a Project Manager capacity and to support delivery of key products. With no funding to support back-fill arrangements this</p>

Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
<p>and Climate Emergency Programme (NACE) and NRW2030.</p> <p>In 2024/25 the financial management of all programmes and projects ensured that the budgets were effectively managed and ended the year with no significant over/under-spends.</p> <p>In 2024/25 we embedded the recommendations of the Local Partnerships Review into Flood Risk Project Delivery and NACE, with subsequent independent evidence of control improvements (internal audit).</p> <p>In recent years we have invested in the establishment of a consistent Project and Programme Management Framework, with a first and second line of assurance aligned to the risk and value of the project or programme, however we recognise that there is still some work to do in this area to further develop approaches and truly embed the service, as was recognised in an audit at the end of the financial year.</p> <p>During the year we have received independent assurance of the Project and Programme Management Framework, which is recognised as a robust, risk-based assurance framework. The recommendations relate to the consistent application of the Framework across the organisation with the need to reduce the number of SRO accountabilities held by individuals; provide greater assurance through the project delivery phase; improving project/programme manager compliance with the PPM framework templates and guidance including reporting requirements; exploring the use of an IT package to enforce the use of the PPM framework.</p>	<p>significantly impacted the pace of delivery of planned improvements to the PPM Framework identified by the PMO Manager for implementation in 2024/25.</p> <p>We anticipate the phased return of PMO personnel from the Case for Change Programme from July 2025, in addition some additional funding has been secured in 2025/26.</p> <p>A prioritised work plan has been prepared for the period 2025-27 to address the recommendations identified by the IA of the PPM Framework. In 2025/26 the workplan focusses on addressing the high and medium risks related: SRO accountabilities; project assurance during delivery; improvements to project reporting; briefings to colleagues to standardise application of the PPM framework across the organisation; improvements to lessons learnt process.</p>
<p>4 Risk Management:</p> <p>During the year, Welsh Government enhanced their monitoring arrangements</p>	<p>We have adapted swiftly and dynamically to the challenges in this area. We used risk and the risk</p>

Control Areas identified as requiring attention:	Actions taken/ to be taken in order to address control weaknesses:
<p>of NRW. This was on the basis of our historic compliance with off-payroll working (known as IR35) requirements, and the extent of the potential liability that may be owed. As part of those arrangements, building assurance around and confidence in the oversight and financial and risk management arrangements in NRW was outlined as a priority. It is recognised that in some areas some processes relating to risk were less defined and embedded than in others.</p>	<p>appetite levels and statements set by the Board to inform and guide our decision making on fundamental changes to the organisation.</p> <p>During the year, we progressed work on an organisational risk and issues log, allowing the Executive Team, Board Members and Welsh Government to have collective oversight of the most significant risks and issues facing the organisation. We made further progress on embedding risk escalation. We also commissioned the Internal Audit team to review our risk framework, providing additional capacity in an area identified as a priority by Welsh Government, which resulted in a review of our strategic risks to align with our new proposals for delivery of our Corporate Plan.</p> <p>Risk management will continue to be a key priority for us over the coming year, as we aspire to a target for greater risk maturity. However, we recognise the reduction in the structure and overall capacity of the Corporate Governance and risk team as a result of the Case for Change, and the long-term nature of our maturity aspirations.</p>

**Ceri Davies**

**Interim Chief Executive and Accounting Officer**

**28 October 2025**

## Remuneration and Staff Report (audited)

### Remuneration policy

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

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

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

### Service contracts

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

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

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

### Salary and pension entitlements

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

## Salary

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

## Benefits in kind

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

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

## Board members' remuneration

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

## Executive Team's remuneration

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

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

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

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

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

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

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

## Pension benefits

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

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

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

## Cash Equivalent Transfer Values (CETV)

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

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

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

## Real increase in CETV

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

## Compensation for loss of office

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

## Fair pay disclosure

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

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

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

### Whole Workforce Remuneration ratio

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

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

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

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

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

## All staff report

### Staff Remuneration policy

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

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

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

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

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

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

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

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

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

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

## Staff turnover

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

## Staff costs

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

	2024/25		2023/24
IAS 19 (pensions) service charge	16	6,167	6,988
Less early retirement pension costs		-	(5)
Less in-year LGPS pension contributions		(6,899)	(6,894)
Movement in accrued holiday pay		322	15
<b>Total other expenditure for staff</b>		<b>624</b>	<b>117</b>
Less amounts charged to capital projects		(11,877)	(12,956)
<b>Total staff costs</b>		<b><u>130,959</u></b>	<b><u>131,482</u></b>

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

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

## Pension schemes

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

### Civil Service Pension Scheme contributions

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

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

### Stakeholder partnership pensions

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

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

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

## Environment Agency Pension Fund (EAPF) contributions

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

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

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

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

## Exit packages

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

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

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

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

### **Sickness absence (not subject to audit)**

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

## **Disability Policies (not subject to audit)**

### **Disability Confident Employer**

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

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

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

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

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

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

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

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



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

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

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

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

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

These are:

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

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

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

### Off-payroll engagements (not subject to audit)

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

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

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

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

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

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

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

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

## Parliamentary and Audit Report (audited)

### Losses and special payments

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

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

### Losses and special payments by category

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

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

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

**Ceri Davies**

**Interim Chief Executive and Accounting Officer**

**28 October 2025**

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

## Opinion on financial statements

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

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

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

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

## Opinion on regularity

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

## Basis for opinions

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

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

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

## Conclusions relating to going concern

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

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

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

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

## Other information

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

I have nothing to report in this regard.

## Opinion on other matters

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

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

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

## Matters on which I report by exception

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

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

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

## Responsibilities of the Accounting Officer for the financial statements

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

My procedures included the following:

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

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

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

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

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

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

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

## Other auditor's responsibilities

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

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

## Report

I have no observations to make on these financial statements.

Adrian Crompton  
Auditor General for Wales  
30 October 2025

1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

FINANCIAL STATEMENTS  
and  
NOTES TO THE ACCOUNTS  
for 2024/25

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2025

		2024/25	2023/24
	Note	£'000	Restated £'000
Staff costs	3	130,959	131,482
Capital works expensed in year	4	40,480	48,463
Other expenditure	5	133,463	119,698
<b>Total operating expenditure</b>		304,902	299,643
Charge income	6	(50,849)	(49,664)
Commercial and other income	6	(42,896)	(46,483)
Welsh Government grants	6	(39,760)	(34,455)
European and other external funding	6	(2,108)	(2,900)
<b>Income from contracts with customers</b>		(135,613)	(133,502)
<b>Net operating expenditure before gain on revaluation of biological and financial assets</b>		<b>169,289</b>	<b>166,141</b>
(Gain)/loss on revaluation of biological assets	7.1	28,710	38,143
(Gain)/loss on revaluation of financial assets/ liabilities	9 / 10	1,320	1,349
<b>Net expenditure for the year after gain on revaluation of biological and financial assets</b>		<b>199,319</b>	<b>205,633</b>
Financing on pension scheme assets and liabilities	16.2.5	(5,338)	(3,677)
Finance charges	8.2	163	101
Net (gain)/loss on revaluation		71	(324)
<b>Deficit/(Surplus) for the year</b>		<b>194,215</b>	<b>201,733</b>
<b>Other comprehensive net expenditure</b>			
Pension actuarial remeasurements	16.2.5	6,070	3,588
(Gain)/ loss on revaluation of property, plant and equipment	SoCTE	162,520	(40,749)
<b>Total comprehensive net expenditure for the year</b>		<b>362,805</b>	<b>164,572</b>

The comparative values for Financing on pension scheme assets and liabilities and Pension actuarial remeasurements have been restated as detailed within Note 1.9

The notes on pages 78 to 124 form part of these accounts.

## Statement of Financial Position

As at 31 March 2025

		31 March 2025	31 March 2024 (Restated)
	Note	£'000	£'000
<b>Non-current assets</b>			
Property plant and equipment	7.1	1,960,906	2,137,597
Heritage assets	7.1	7,530	7,530
Biological assets	7.1	366,993	402,189
Intangible assets	7.2	33,331	33,848
Right of use assets	8.1	78,174	83,874
Financial assets	10	13,689	15,009
Long term receivables	11	20,025	11,940
Pension asset	16.2.5	-	-
<b>Total non-current assets</b>		<u>2,480,648</u>	<u>2,691,987</u>
<b>Current assets</b>			
Property, plant and equipment held for sale		6	1
Inventories		1,368	2,500
Trade and other receivables	11	58,716	45,121
Payments on account	12	-	19,000
Cash and cash equivalents	13	12,603	9,787
<b>Total current assets</b>		<u>72,693</u>	<u>76,409</u>
<b>Total assets</b>		<u><b>2,553,341</b></u>	<u><b>2,768,396</b></u>
<b>Current liabilities</b>			
Trade and other payables	14	(76,457)	(79,373)
Lease liabilities	8.2	(1,849)	(2,339)
Provisions	15	(2,344)	(3,002)
<b>Total current liabilities</b>		<u>(80,650)</u>	<u>(84,714)</u>
<b>Assets less current liabilities</b>		<u><b>2,472,691</b></u>	<u><b>2,683,682</b></u>
<b>Non-current liabilities</b>			
Long term lease liabilities	8.2	(6,739)	(8,221)
Financial liabilities	9	(39,435)	(39,435)
Long term payables	14	(19,485)	(11,331)
<b>Total non-current liabilities</b>		<u>(65,659)</u>	<u>(58,987)</u>
<b>Assets less liabilities</b>		<u><b>2,407,032</b></u>	<u><b>2,624,695</b></u>
<b>Taxpayers' equity and other reserves</b>			
General fund	SoCTE	481,896	517,260
Revaluation reserve	SoCTE	1,925,136	2,107,435
Pensions reserve	SoCTE	-	-
<b>Total taxpayers' equity</b>		<u><b>2,407,032</b></u>	<u><b>2,624,695</b></u>

The comparative values for the pension asset and pensions reserve has been restated as detailed within Note 1.9

The notes on pages 78 to 124 form part of these accounts. The financial statements were approved by the Board on 28 October 2025 and signed on its behalf by:

Ceri Davies  
Interim Chief Executive and Accounting Officer

Date:  
28 October 2025

## Statement of Cash Flows

For the year ended 31 March 2025

	Note	2024/25 £'000	2023/24 £'000
<b>Cash flows from operating activities</b>			
Net operating expenditure	SoCNE	(169,289)	(166,141)
Adjustment for non-cash transactions		39,052	39,825
Movement in trade and other receivables	11	(21,680)	(14,710)
Movement in payments on account	12	19,000	(19,000)
Movement in trade and other payables	14	5,238	38,573
Movement in financial liabilities	SoFP	-	-
Movement in provisions	SoFP	(658)	(33)
<b>Net cash flow from operating activities</b>		<b><u>(128,337)</u></b>	<b><u>(121,486)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets	7.1	(6,413)	(7,383)
Purchase of intangible assets	7.2	(5,423)	(7,710)
Proceeds on disposal of property, plant and equipment		459	215
Proceeds on disposal of financial assets		-	-
<b>Net cash flow from investing activities</b>		<b><u>(11,377)</u></b>	<b><u>(14,878)</u></b>
<b>Cash flows from financing activities</b>			
Funding from Welsh Government	SoCTE	145,142	144,133
Repayment of lease liabilities	8.2	(2,612)	(3,059)
<b>Net Financing</b>		<b><u>142,530</u></b>	<b><u>141,074</u></b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>2,816</b>	<b>4,710</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b><u>9,787</u></b>	<b><u>5,077</u></b>
<b>Cash and cash equivalents at the end of the period</b>	13	<b><u><u>12,603</u></u></b>	<b><u><u>9,787</u></u></b>

The notes on pages 78 to 124 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2025

	General Fund £'000	Revaluation Reserve £'000	Pension Reserve £'000	Total £'000
<b>Opening balance</b>	<b>517,260</b>	<b>2,107,435</b>	-	<b>2,624,695</b>
Comprehensive net expenditure for year	(362,805)	-	-	(362,805)
<b>In-year movement</b>				
Revaluation of Property, Plant and Equipment	159,413	(159,413)	-	-
Revaluation of right of use assets	3,107	(3,107)	-	-
Realised revaluation	19,779	(19,779)	-	-
Actuarial movement on pension scheme	6,070	-	(6,070)	-
Increase in pension surplus	(6,070)	-	6,070	-
<b>Total in-year movement</b>	<b>182,299</b>	<b>(182,299)</b>	-	-
<b>Funding</b>				
Funding from Welsh Government	145,142	-	-	<b>145,142</b>
<b>Balance at 31 March 2025</b>	<b>481,896</b>	<b>1,925,136</b>	-	<b>2,407,032</b>

General Fund - reflects the cumulative position of net expenditure and funding from Welsh Government.

Revaluation Reserve - reflects the cumulative balance of revaluation and indexation of non-current assets.

Pension Reserve - reflects the cumulative position of the net liabilities of the pension scheme.

## Comparative figures for the year ended 31 March 2024

	General Fund (Restated) £'000	Revaluation Reserve £'000	Pension Reserve (Restated) £'000	Total £'000
<b>Opening Balance</b>	<b>554,611</b>	<b>2,090,523</b>	-	<b>2,645,134</b>
Comprehensive net expenditure for year	(164,572)	-	-	(164,572)
Revaluation reallocation <sup>1</sup>	1,505	(1,505)	-	-
<b>In-year movement</b>				
Revaluation of Property, Plant and Equipment	(28,685)	28,685	-	-
Revaluation of right of use assets	(12,064)	12,064	-	-
Realised revaluation	22,332	(22,332)	-	-
Actuarial movement on pension scheme (Restated)	3,588	-	(3,588)	-
Increase in pension liability	(3,588)	-	3,588	-
<b>Total in-year movement</b>	<b>(18,417)</b>	<b>18,417</b>	-	-
<b>Funding</b>				
Funding from Welsh Government	144,133	-	-	<b>144,133</b>
<b>Balance at 31 March 2024</b>	<b>517,260</b>	<b>2,107,435</b>	-	<b>2,624,695</b>

The notes on pages 78 to 124 form part of these accounts.

1 A reallocation of £1,505k was made between Revaluation Reserve and General Fund to correct the revaluation balance held in relation to the WGWE.

## Note 1 Accounting policies

### 1.1 Requirement to prepare accounts

The financial statements have been prepared in accordance with the 2024/25 Government Financial Reporting Manual (FReM) issued by HM Treasury and with the accounts direction given by the Welsh Government in accordance with paragraph 23(1) of the Natural Resources Body for Wales (Establishment) Order 2012.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM allows a choice of accounting policy, these accounts follow the policy which is most appropriate to give a true and fair view for Natural Resources Wales (NRW).

The policies adopted are described below and in the various notes to the accounts. They have been applied consistently in dealing with items considered material to the accounts.

The preparation of financial statements requires various estimates and assumptions to be made that affect the application of accounting policies and reported amounts. All such estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events and forecasts of future events.

The most significant areas of estimation and critical judgements are shown against the relevant notes, and actual future results may differ from these estimates.

### 1.2 Accounting convention

These accounts have been prepared on an accruals basis, under the historical cost convention, modified in line with our policies to account for the revaluation of property, plant and equipment, biological, intangible and financial non-current assets to fair value as determined by the relevant accounting standard.

These financial statements are based on the going concern principle.

### 1.3 Grant-in-aid

Grant-in-aid payments received from Welsh Government are treated as financing received from a controlling party. They are recorded as a financing transaction and are credited directly to the general reserve in the Statement of Financial Position and not through the Statement of Comprehensive Net Expenditure.

During 2024/25, NRW utilised £14.6m of Grant-in-Aid to settle additional tax liabilities arising from HMRC's enquiry into NRW's treatment of off-payroll engagements.

As part of the capital Grant-in-Aid allocation for 2024/25, NRW received £5.1m to fund corporate costs in respect of relevant capital projects. These corporate costs are included within Staff Costs and Other Expenditure in the Statement of Comprehensive Net Expenditure (In 2023/24 £4.8m).

Other non Grant-in-aid payments received from Welsh Government are included in the Statement of Comprehensive Net Expenditure.

Grant-in-Aid received before 31 March 2025 providing NRW with the necessary cash flow to manage its debtors and creditor position, is credited to the Statement of Financial Position and is reported within payables at the year-end; and will reduce the Grant-in-Aid cash receipts in 2025/26.

## 1.4 Income, expenditure and grants

The accruals basis of accounting means that income and expenditure disclosed in the accounts are accounted for in the year that the relevant activity takes place, rather than when cash payments are made or received.

Option fees and related income received from windfarm operators are the only exception, being accounted for in the year of receipt. Income generated from site fees from third party Wind Farm Development under TAN8 and Future Wales is surrendered to the Welsh Government unless agreed otherwise. The amount surrendered will be net of NRW's costs of managing its role in directly furthering the Welsh Government's Energy Agenda, including compensatory mitigations. The lease for Cefn Croes windfarm is an exception in that the income generated by this lease is retained by NRW. To correspond to accounting treatment by Welsh Government, the net value of windfarm income after deducting the payment to Welsh Government is shown within renewable energy income in note 6.

Income received in advance of the work being completed is treated as deferred income.

Where income and expenditure have been recognised but cash has not been received or paid, a payable or receivable for the relevant amount is recorded in the Statement of Financial Position. When debts might not be settled, the balance of receivables is written down and a charge made to the Statement of Comprehensive Net Expenditure for the income that might not be collected.

Grant contributions received which are not grant-in-aid are recognised as income within the Statement of Comprehensive Net Expenditure.

## 1.5 Inventories

Inventory consists of felled timber stocks and is valued as fair value less estimated selling costs expected to be incurred to completion and disposal. This includes stock in relation to both standing sales and direct production. Fair value is estimated using expected sales prices.

## 1.6 Value added tax

NRW is classified as a body to which section 33 of the Value Added Tax (VAT) Act 1994 applies and accordingly recovers tax paid on both business and non-business activities. The recovery of VAT on exempt supplies is dependent on the threshold for exempt activities. In all instances, where output tax is charged, or input tax is recoverable, the amounts included in these accounts are stated net of VAT.

## 1.7 Internal drainage districts

NRW acts as the drainage board that runs thirteen internal drainage districts in Wales. The work undertaken in each district is funded by a combination of drainage rates levied on occupiers of agricultural land and special levies paid by local authorities in respect of non-agricultural land.

NRW is required by section 40 of the Land Drainage Act 1991 to set drainage rates, and by regulation 7 of the Internal Drainage Boards (Finance) Regulations 1992 to issue special levies before 15 February of the financial year preceding the year to which they relate.

The drainage rates, special levies and precepts for 2024/25 were set by NRW acting as the drainage board. This income is included in Note 6.

## 1.8 Tangible assets

Land and buildings and public structures (reported within operational structures) have historically been subject to full professional valuation every five years in accordance with the Royal Institution of Chartered Surveyors (RICS)'s Appraisal and Valuation Standards (the Red Book).

In 2020/21 a rolling programme for full Valuations (See Note 7) was established. In between full valuations, assets are subject to an annual interim valuation. For 2024/25, these valuations were performed by a firm of Chartered Surveyors or by internal valuers. The valuations for these assets were also undertaken in line with the requirements of the RICS Red Book as referred to above.

## **1.9 Adoption of new and revised IFRS or FReM interpretations and changes in accounting policies**

### **Changes in accounting policies**

At 31 March 2025, NRW have changed the basis for the calculation of the LGPS pension asset ceiling based on further legal advice received. NRW now supports the generally accepted view that a minimum funding requirement exists within LGPS funds and considers the future service contributions as a minimum funding requirement for EAPF. This is a change in accounting policies and requires restatement of the pension asset value at 31 March 2024 from £57.9m to £Nil. Further detail is contained in note 16.

### **Changes in accounting estimates**

There were no changes in accounting estimates during the year ended 31 March 2025.

### **IFRS's Effective in these financial statements**

All IFRS interpretations and amendments effective during this reporting period have been adopted in these statements.

### **IFRS's Effective for future financial years**

There are a number of IFRS's, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective in future reporting periods. Those with relevance to NRW are outlined below. NRW has not adopted any new IFRS standards early and will apply the standards upon formal adoption in the FReM.

#### IAS 21

In August 2023, the IASB amended IAS 21 'The Effects of Changes in Foreign Exchange Rates' to clarify the approach that should be taken by preparers of financial statements when they are reporting foreign currency transactions, translating foreign operations or presenting financial statements in a different currency, and there is a long-term lack of exchangeability between the relevant currencies.

The amendments to IAS 21 are effective for reporting periods on or after 1 January 2025, with earlier application permitted. These amendments are not expected to have a material impact on financial reporting.

#### Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB amended IFRS 9 and IFRS 7, following a post-implementation review (PIR) of IFRS 9. This amendment considers accounting for the settlement of a financial asset or liability using an electronic payment system, and; applying the requirements for assessing contractual cash flow characteristics to financial assets with features related to environmental, social, and governance (ESG) matters.

The amendments are effective from annual reporting periods beginning on or after 1 January 2026, with early adoption of these Standards are permitted. These amendments are not expected to have a material impact on financial reporting.

#### Annual Improvements to IFRS Accounting Standards

In July 2024, the IASB published 'Annual Improvements to IFRS Accounting Standards – Volume 11'. The publication is a collection of amendments to IFRS Accounting Standards discussed by the IASB during the current project cycle for annual improvements. The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRS Accounting Standards that will not be included as part of any other project.

The amendments are effective from annual reporting periods beginning on or after 1 January 2026, with early application permitted. These amendments are not expected to have a material impact on financial reporting.

#### Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

In December 2024 the IASB issued amendments to IFRS 9 and IFRS 7 to address issues with accounting for contracts associated that involve renewable energy. The amendments are also reflected in IFRS 19 'Subsidiaries without Public Accountability: Disclosures'.

The amendments are effective for periods starting on or after 1 January 2026, with early application permitted. The amendments to IFRS 7 must be applied at the same time as the amendments to IFRS 9. These amendments are not expected to have a material impact on financial reporting.

#### IFRS 18 'Presentation and Disclosures in Financial Statements'

In April 2024, the IASB published its first new standard since 2017. The new standard, IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 and will impact every reporting entity that currently uses IFRS Accounting Standards. The main change introduced by IFRS 18 is to the way in which reporting entities will structure their statement of profit or loss. This introduces standardisation of presentation of items of income and expenditure and defined levels of categorisation. It is important to note, IFRS 18 must be applied retrospectively, so restatement of all comparative information is required when the Standard is adopted.

The Standard is effective from annual reporting periods beginning on or after 1 January 2027 in the private sector. The Public Sector implementation date is not yet confirmed, with the impact of IFRS 18 on the public sector is still being assessed. NRW will apply this Standard in line with FReM direction.

#### IFRS 17 – Insurance Contracts

This standard will apply to all types of insurance contract and proposes a building blocks approach based on the expected present value of future cash flows to measuring insurance contract liabilities.

IFRS 17 replaces the previous standard on insurance contracts, IFRS 4. IFRS 17 will be adapted for the central government context and updates made to the 25/26 FReM, with an implementation date of 1 April 2025 (with limited options for early adoption).

The financial impact of applying IFRS 17 is to be assessed; however, amendments are not expected to have a material impact on financial reporting.

### **1.10 Financial provisions (Landfill sites)**

For all landfill sites, financial provision arrangements need to be established before a permit is granted. The financial provision arrangements must be in place prior to the commencement of disposal operations, and such provisions need to be sufficient (in monetary terms), secure and available when required. Landfill sites include all waste sites that are subject to the landfill directive.

The following are the principal mechanisms that NRW will accept for demonstrating financial provision arrangements:

- Renewable bonds (shown in note 14)
- Cash deposits with NRW (shown in note 14)
- Escrow accounts
- Local authority deed agreements
- Parent company guarantees
- Umbrella agreements (covering a number of sites)

### **1.11 Notes to the accounts**

Note 2 provides an analysis of income and expenditure to operating segments.

Notes 3 to 16 provide analysis of material figures reported in the statements of comprehensive net expenditure, financial position and cash flows.

Notes 17 to 22 relate to figures not disclosed elsewhere in these accounts.

## 2. Analysis of net operating expenditure by segment

For the year ended 31 March 2025

These segments are components for which financial information is managed and reported internally.

Income and expenditure shown below were directly attributed to the segments.

	Finance & Corporate Services	Operations	Evidence, Policy & Permitting	Customer, Communications and Commercial	Corporate Strategy and Development	Centrally Controlled	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reported by segments</b>							
Operating expenditure	44,333	120,946	78,460	10,548	11,414	39,201	304,902
Operating income	(948)	(61,514)	(66,498)	(6,553)	(100)	-	(135,613)
<b>Total</b>	<b>43,385</b>	<b>59,432</b>	<b>11,962</b>	<b>3,995</b>	<b>11,314</b>	<b>39,201</b>	<b>169,289</b>
<b>Capital expenditure</b>	<b>9,142</b>	<b>2,072</b>	<b>468</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>11,836</b>

NRW determines that the following categories can be used to meet the disaggregation disclosure requirement in IFRS 15.

	Finance & Corporate Services	Operations	Evidence, Policy & Permitting	Customer, Communications and Commercial	Corporate Strategy and Development	Centrally Controlled	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reported by segments</b>							
Fees and charges	123	272	50,454	-	-	-	50,849
Commercial	123	36,037	107	6,529	100	-	42,896
Welsh Government grants	702	23,304	15,730	24	-	-	39,760
European and other external funding	-	1,901	207	-	-	-	2,108
<b>Total</b>	<b>948</b>	<b>61,514</b>	<b>66,498</b>	<b>6,553</b>	<b>100</b>	<b>-</b>	<b>135,613</b>
<b>Reported by segments</b>							
Government	705	24,413	16,479	24	122	-	41,743
Non-Government	243	37,101	50,019	6,529	(22)	-	93,870
<b>Total</b>	<b>948</b>	<b>61,514</b>	<b>66,498</b>	<b>6,553</b>	<b>100</b>	<b>-</b>	<b>135,613</b>

## Analysis of net operating expenditure by segment (continued)

Comparative figures for the year ended 31 March 2024

	Finance & Corporate Services	Operations	Evidence, Policy & Permitting	Customer, Communications and Information	Corporate Strategy and Development	Centrally Controlled	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reported by segments</b>							
Operating expenditure	36,144	127,844	74,466	14,667	6,395	40,127	299,643
Operating income	(1,335)	(53,421)	(69,704)	(8,947)	(95)	-	(133,502)
<b>Total</b>	<b>34,809</b>	<b>74,423</b>	<b>4,762</b>	<b>5,720</b>	<b>6,300</b>	<b>40,127</b>	<b>166,141</b>
<b>Capital expenditure</b>	<b>8,729</b>	<b>3,720</b>	<b>2,628</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>15,093</b>

NRW determines that the following categories can be used to meet the disaggregation disclosure requirement in IFRS 15.

	Finance & Corporate Services	Operations	Evidence, Policy & Permitting	Customer, Communications and Commercial	Corporate Strategy and Development	Centrally Controlled	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reported by segments</b>							
Fees and charges	660	314	48,690	-	-	-	49,664
Commercial	237	36,577	627	8,947	95	-	46,483
Welsh Government grants	438	13,956	20,061	-	-	-	34,455
European and other external funding	-	2,574	326	-	-	-	2,900
<b>Total</b>	<b>1,335</b>	<b>53,421</b>	<b>69,704</b>	<b>8,947</b>	<b>95</b>	<b>-</b>	<b>133,502</b>
<b>Reported by segments</b>							
Government	433	14,998	21,323	2	91	-	36,847
Non-Government	902	38,423	48,381	8,945	4	-	96,655
<b>Total</b>	<b>1,335</b>	<b>53,421</b>	<b>69,704</b>	<b>8,947</b>	<b>95</b>	<b>-</b>	<b>133,502</b>

## Analysis of net operating expenditure by segment (continued)

### Information in relation to segments

<b>Finance &amp; Corporate Services</b>	<p>The Finance and Corporate Services Directorate provides financial services, audit and risk assurance, ICT services, buildings, fleet management and the renewal programme.</p> <p>During 2023/24, permanent arrangements were put in place to manage fees and charges within the Evidence, Policy &amp; Permitting directorate rather than within Finance and Corporate Services. In previous years, the associated income has been reported as Finance and Corporate Services income but from 2023/24, they are reported as Evidence, Policy and Permitting income. The reporting of costs associated with the fees and charges remain the same as in previous years.</p>
<b>Operations</b>	<p>The Operations Directorate has principal responsibility for achieving the sustainable management of natural resources in Wales' geographical area, including its marine environment, across the range of NRW's remit. It also provides capital programme management, commercial operations and planning and marine services for the whole of Wales.</p>
<b>Evidence, Policy and Permitting</b>	<p>The Evidence, Policy &amp; Permitting Directorate provides outward-facing central co-ordination for the organisation, leading on policy and strategy development, evidence, tools, standards, guidance and advice to enable other NRW teams, Welsh Government colleagues and partners fulfil their remit. There are also some direct delivery roles within the Directorate such as the Permitting Service and Flood Forecasting Service. As mentioned above, from 2023/24 onwards, income from fees and charges are managed within this directorate and therefore the income reported reflects this change.</p>
<b>Customer Communications and Commercial</b>	<p>External relations, communications and customer contact centre. This also includes responsibility for commercial services and procurement support. During the year the responsibility for corporate governance and legal functions moved to be within this directorate on a temporary basis.</p>
<b>Corporate Strategy and Development</b>	<p>The Corporate Strategy and Development Directorate leads a number of NRW's cross-cutting functions, including strategic planning and performance; continuous improvement and programme management; organisational development and staff engagement. The corporate governance and legal functions were temporarily moved from this directorate. It also supports the NRW Board and Chief Executive.</p>
<b>Centrally Controlled</b>	<p>Income and expenditure controlled centrally and not allocated to directorates. It includes depreciation, book value of fellings, year-end accruals for provisions.</p>

### 3. Staff costs

Further details of staff costs and numbers are disclosed within the Staff Costs table within the Remuneration and Staff Report.

	2024/25			2023/24
	Permanent Staff £'000	Other Staff £'000	Total £'000	Total £'000
Wages and salaries	99,267	5,301	104,568	108,145
Social security & other taxation costs	10,808	693	11,501	11,520
Other pension costs	25,788	355	26,143	24,656
<b>Total net salary costs</b>	<b>135,863</b>	<b>6,349</b>	<b>142,212</b>	<b>144,321</b>
Other expenditure for staff			624	117
Less amounts charged to capital projects			(11,877)	(12,956)
<b>Total staff costs</b>			<b>130,959</b>	<b>131,482</b>

## 4. Capital works expensed in year

	2024/25 Actual	2023/24 Actual	31 March 2025 Committed	31 March 2024 Committed (Restated)
Programmes	£'000	£'000	£'000	£'000
Flood Risk	13,506	25,231	2,205	6,940
Nature and Climate Emergency	20,555	18,956	3,429	4,550
Other	6,419	4,276	2,715	2,211
<b>Total</b>	<b>40,480</b>	<b>48,463</b>	<b>8,349</b>	<b>13,701</b>

Capital works expensed in year relates to expenditure which is capital in nature but where NRW does not retain the related risks and rewards of ownership of the asset being constructed. In accordance with IAS 16, expenditure is capital in nature when it relates to assets which are intended for use, on a continuing basis, in the production or fulfilment of NRW's functions or for an administration purpose. They are not intended for sale in the ordinary course of business. For the purpose of capital works expensed in year, being of capital nature may also be defined through a capital grant agreement from Welsh Government.

The criteria for expenditure to be classed as capital works expensed in year are;

- Where designated Welsh Government capital funding has been allocated to a scheme, which would not normally result in the acquisition of a tangible or intangible asset owned by NRW in accordance with IAS 16;
- Where the risk and rewards relating to ownership of the asset do not reside with NRW, but with a third party; or
- Where the asset being created, regardless of funding source, would be unable to be readily identified in any future asset verification exercise.

### Flood Risk

Flood and coastal risk management assets built on land which NRW does not own but where it has permissive powers to maintain defence, such as:

- Restoration and refurbishment  
Work to ensure that the condition of the flood defences are retained in the appropriate condition and restored to that condition as necessary.
- Embankments  
Creation, improvement or heightening of embankments along watercourses to reduce the risk of the water escaping from the river channel.
- Flood Mapping  
Production of multi-layered maps which provide information on flooding from groundwater, rivers and the sea for Wales, and including information on flood defences and the areas benefiting from those flood defences.
- Piling  
Installation of piles along the river banks to strengthen them and secure the adjacent land and prevent landslips into the river causing obstructions. These works would largely be below ground.
- Culverts and channel improvements  
Repairing or replacing culverts under land, roads and properties and channel improvements that assist the flow of watercourses.
- Flood risk management strategies  
Development of strategies to provide long term flood risk management options to cover a large area. It is from the long term strategies that individual flood risk projects are developed.
- Flood management plans  
Water Level Management Plans and Catchment Flood Management Plans are prepared with the aim of establishing flood risk management policies that deliver sustainable flood risk management for the long term across a catchment.

## Nature and Climate Emergency and Other Programmes

- Improving Protected Sites  
Actions to improve the condition of protected sites and their features, and to build Resilient Ecological Networks (RENs) with protected sites at their core. Includes activities across protected sites, on the NRW estate and by others through supported advice, guidance and funding mainly through Land Management Agreements (LMAs).
- Peatland  
Work to support the National Peatland Action Programme.
- Water Quality Improvement  
Capital works to deliver improvement to water quality to improve compliance with the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017.
- Fisheries  
Works that improve Fish Habitat to secure future fish stocks and/or address the major high-risk barriers to fish migration that impede both upstream and downstream movement as well as adversely affecting river morphology.
- Metal Mines  
Detailed design of water treatment systems to prevent water pollution from mines. Feasibility studies, development of audits around the mines to divert the water away from the mines.
- Improving conservation status  
Works which improve the conservation status of land not under the direct control of NRW. This includes improving Priority 1 planted ancient woodland sites and new trails constructed for public use.
- Reservoir safety works  
Improvements to reservoirs where the Reservoirs Act 1975 places that responsibility on the reservoir owner. Specifically these measures are taken in the interests of safety.
- National Forest  
Projects to help woodland sites gain National Forest status. Capital investment in existing NF's to maintain status.
- Other works  
Includes improvements to locks and other waterways, telemetry replacement.

31 March 2024 commitment disclosure restated in line with disclosure in note 18.

## 5. Other expenditure

	2024/25	2023/24
	£'000	£'000
<b>Cash items</b>		
Bought in services	16,008	19,533
Reservoir operating agreements	12,546	12,066
ICT costs	8,002	8,093
Forest roads network	7,312	6,272
Office running costs	6,945	5,479
Materials and equipment	4,138	3,801
Fleet Costs	3,634	2,997
Service level agreements	2,475	2,678
Staff related costs	2,172	2,534
Collaborative agreements	2,087	1,831
Grants	979	1,818
Travel and subsistence	832	1,080
Fees and court costs	1,251	932
Operational costs	488	739
Rates	664	692
Losses and special payments <sup>1.</sup>	16,098	328
Rents	256	295
Statutory audit fees	207	231
<b>Sub-total</b>	<b>86,094</b>	<b>71,399</b>
<b>Non-cash expenditure</b>		
Value of sold timber	24,719	25,501
Depreciation, amortisation and impairment	14,852	14,252
Movement on reservoir operating agreements	8,154	8,478
Losses <sup>1.</sup>	345	80
Movement on expected credit loss	(95)	55
Derecognition of assets <sup>2.</sup>	156	28
Movement on other provisions	(658)	(32)
(Gain) / Loss on disposal	(104)	(63)
<b>Sub-total</b>	<b>47,369</b>	<b>48,299</b>
<b>Total</b>	<b>133,463</b>	<b>119,698</b>

<sup>1.</sup> Details of write-offs, losses and special payments are shown in the Parliamentary and Audit Report.

<sup>2.</sup> Capitalised expenditure of £23k which did not result in the completion of a capital asset as defined by IAS 16; and expenditure of £133k resulting from a duplicated asset was derecognised during 2024/25 (Capitalised expenditure of £28k which did not result in the completion of a capital asset as defined by IAS 16 was derecognised during 2023/24).

## 6. Income analysis

For the year ended 31 March 2025

	2024/25 £'000	2023/24 £'000
Abstraction charges <sup>1.</sup>	31,003	29,774
Environmental permitting regulations: water quality	7,590	7,586
Environmental permitting regulations: installations	4,017	3,682
Environmental permitting regulations: waste	2,348	2,317
Other environmental protection charges	1,884	1,925
Fishing licences	1,227	1,135
Hazardous waste	796	1,085
Nuclear regulation	612	842
Water resources rechargeable works	766	742
Emissions trading	257	334
Marine licensing	349	242
<b>Charge Income</b>	<b>50,849</b>	<b>49,664</b>
Timber income	31,118	31,914
Renewable energy income <sup>2.</sup>	5,735	7,977
Income from estates	2,939	2,952
Internal drainage district income	1,388	1,516
Provision of information and services	1,433	1,489
Miscellaneous income	(71)	359
Legal costs recovered and Proceeds of Crime Act income	301	246
Interest receivable	53	30
<b>Commercial and other income</b>	<b>42,896</b>	<b>46,483</b>
<b>Welsh Government grants</b>	<b>39,760</b>	<b>34,455</b>
European income <sup>3.</sup>	684	2,390
Grants and contributions	1,424	510
<b>European and other external funding</b>	<b>2,108</b>	<b>2,900</b>
<b>Total income</b>	<b>135,613</b>	<b>133,502</b>

<sup>1.</sup> Abstraction charges includes income of £8,154k (23/24 income of £8,478k) in relation to incremental payments to Dŵr Cymru Welsh Water that are recharged to customers, as detailed in note 9.

<sup>2.</sup> Renewable energy income is shown net of fees due to Welsh Government in respect of wind energy income. The balance of £5,735k (in 2023/24, £7,977k) represents income of £15,808k (in 2023/24, £19,667k) after deducting the fee payment to Welsh Government of £10,073k (in 2023/24, £11,690k).

<sup>3.</sup> Including income claimed via Welsh European Funding Office for European funded projects.

## 6.1 Analysis of fees and charges

<b>Year ending 31 March 2025</b>	<b>Income</b>	<b>Expenditure</b>	<b>Surplus/ (Deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Abstraction charges	31,384	31,003	<b>381</b>
Environmental permitting regulations: water quality	8,075	7,590	<b>485</b>
Environmental permitting regulations: installations	4,267	4,017	<b>250</b>
Environmental permitting regulations: waste	2,206	2,348	<b>(142)</b>
Other environmental protection charges	2,047	1,884	<b>163</b>
Fishing licences	1,227	1,227	-
Hazardous waste	933	796	<b>137</b>
Nuclear regulation	620	612	<b>8</b>
Water resources rechargeable works	766	766	-
Emissions trading	188	257	<b>(69)</b>
Marine licences	349	349	-
<b>Total</b>	<b>52,062</b>	<b>50,849</b>	<b>1,213</b>

<b>Comparative figures - year ending 31 March 2024</b>	<b>Income</b>	<b>Expenditure</b>	<b>Surplus/ (Deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Abstraction charges	30,648	29,774	<b>874</b>
Environmental permitting regulations: water quality	7,292	7,586	<b>(294)</b>
Environmental permitting regulations: installations	3,447	3,682	<b>(235)</b>
Environmental permitting regulations: waste	1,902	2,317	<b>(415)</b>
Other environmental protection charges	1,772	1,925	<b>(153)</b>
Fishing licences	1,135	1,135	-
Hazardous waste	951	1,085	<b>(134)</b>
Nuclear regulation	744	842	<b>(98)</b>
Water resources rechargeable works	742	742	-
Emissions trading	170	334	<b>(164)</b>
Marine licences	242	242	-
<b>Total</b>	<b>49,045</b>	<b>49,664</b>	<b>(619)</b>

Revenue is recognised based on the consideration specified in a contract with the customer. NRW recognises revenue in accordance with the five stages set out in IFRS 15 Revenue from contracts with customers. Revenue is recognised when, or as, NRW satisfies a performance obligation.

Income from charges for the regulation of businesses in Wales to monitor and control their impact on the environment, whether air, water or land, is derived from a combination of fees and charges. Charges income falls into two main categories:

**Applications** for a permit or licence. The contract with the customer is to review their application and deliver an asset called a permit which provides the customer with the legal entitlement to carry out its operation under our regulation. We have an unconditional right to payment from the customer when an application for a permit is submitted. NRW will not begin their assessment until the monies have been received. The income is recognised at the point the application is made and monies are received. For 12-month licence fees which are payable within a financial year, the obligation is over that 12 months so that income is attributable to the relevant financial years. Where application income for Water Quality, Waste and Installations is received during the last quarter of the financial year, an assessment is undertaken and the value attributable to the next financial year as receipts in advance is carried forward carry within the Statement of Financial Position.

**Subsistence** charge associated with licences and permits, which give the customer legal entitlement to carry out their operation for a period of time under NRW regulation. Once a permit is issued, NRW takes on the risks inherent in regulating the customer in its activity. In all cases, the customer accepts the permit at the same time as the invoice and as such subsistence income is recognised when billed at the point the new permit period commences. Invoices are issued during the first quarter of the financial year for the financial year and are due for payment immediately. For fees issued in year, the invoice is raised on a pro-rata basis from the date the permit or licence to the end of the financial year. If a permit is surrendered, then a credit note is raised from the date of lapse to the end of the financial year.

For commercial transactions, the customer simultaneously receives and consumes the benefits provided, and the revenue is recognised at a point in time.

In accordance with Managing Welsh Public Money, fees and charges are set on a full cost recovery basis taking into consideration scheme balances. Accumulated surpluses and deficits relating to our charge schemes are treated as deferred income or accrued income depending on whether the charging scheme is in surplus or deficit. These balances are only treated as deferred or accrued income where they have arisen accidentally as a result of unplanned circumstances in line with Managing Welsh Public Money definition, or where there is a future plan to utilise those balances. The deferred and accrued income balances are considered when setting future years' fees and charges, to enable a cost recovery position to be achieved over a reasonable period of time, which due to timing differences is not considered appropriate within a single financial year.

We have a transitional arrangement in place where material balances without a plan will be reduced. A programme plan for charge subsistence reviews was agreed with our executive team and this work is expected to be ongoing beyond 31 March 2025. We will therefore need to extend the transitional arrangement until such time we have completed these detailed reviews. This treatment overrides the standard revenue recognition criteria outlined in the first paragraph above.

### **Significant judgement on income recognition to ensure a break-even position**

Income is recognised when performance obligations are satisfied in accordance with IFRS 15. For commercial income as well as charge income where the performance obligations are satisfied at a particular point in time, the income is recognised at that point and no assessment is required.

However, for elements of charge income which are charged for at a particular point in time, but the performance obligation is satisfied over a period of time, an assessment is required to ensure the correct income is recognised at the year end.

NRW makes an assessment on charge income raised during the year and evaluates the performance obligations satisfied. A transfer between charge income and payables (Note 14) or between receivables (Note 11) and charge income is made where the income billed is different to the income to be recognised.

As mentioned above, charging schemes are required to break-even over a reasonable period of time and judgement is required in assessing the factors behind whether the surplus or deficit (reported in notes 11 and 14) will result in a break-even position over this reasonable period. Fees and charges are reviewed and re-calculated annually to ensure that all expenditure incurred will be recouped over time.

Expenditure funded by grant-in-aid has been excluded from the table above. The table does not include the effect of IAS 19 pension adjustments but does include in-year employer contributions to the pension schemes, which are passed on to charge payers. The financial objective for the charging schemes is full cost recovery including current cost depreciation and a rate of return on relevant assets.

The key activities of each area are listed below:

- Abstraction charges – charging for businesses using water abstraction from rivers or groundwater. The income reported also includes other elements of water resources income.
- Water resources rechargeable works – income to recover NRW water resources effort on the ground, such as operational costs in the Upper Severn catchment (on the Welsh side of the boundary), which falls under Environment Agency jurisdiction.
- Fishing licences – charging individuals for licences to fish.
- Environmental permitting regulations: water quality – charging for discharges from businesses into the environment.
- Environmental permitting regulations: installations – permitting to control and minimize pollution from industrial activities.
- Environmental permitting regulations: waste management – licensing and exemptions.
- Hazardous waste – licensing for producing, transporting, or receiving hazardous waste.
- Emissions trading – regulation of businesses under EU schemes.
- Nuclear regulation – regulation of nuclear and non-nuclear sites, and nuclear new build sites.
- Marine licences – regulation of deposits, removals, construction projects on or under the sea bed and all forms of dredging.
- Other environmental protection – licensing for registration of waste carriers and brokers, trans frontier shipments, producer responsibility licensing for waste electronic and electrical equipment, end of life vehicles, polychlorinated biphenyls, flood defence consents, reservoir compliance, development planning advice and regulation of businesses under such schemes as control of major accident hazards.

## 7. Non-current assets

There are two categories of non-current assets - tangible assets shown in Note 7.1 and intangible assets shown in Note 7.2.

### Recognition

All land is capitalised regardless of value. The threshold for capitalising other assets with a useful economic life of more than one year is £5,000. Individual items costing less than £5,000 can be grouped as one asset if the total cost exceeds £5,000 and these assets operate as part of a network. Subsequent expenditure on an asset is capitalised if the criteria for initial capitalisation are met, it is probable that additional economic benefits will flow to NRW and the cost of the expenditure can be reliably measured. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, if appropriate.

Assets leased to external parties under an operating lease are capitalised under the appropriate accounting policy.

A judgement is made to the categorisation of expenditure as capital works expensed in year, and tangible and intangible assets.

### Measurement

All non-current assets apart from heritage assets and assets under construction are reported at either current value in existing use or fair value in the Statement of Financial Position.

Assets classified as heritage assets comprise land within designated conservation areas. This land is held in support of NRW's purpose. Because of the diverse nature of the land held and the lack of comparable market values, NRW considers that obtaining external valuations would involve disproportionate cost. Heritage assets are therefore held at cost. Preservation costs (expenditure required to preserve the heritage asset) are recognised in the Statement of Comprehensive Net Expenditure when they are incurred. Further information on heritage assets can be found in Note 7.1.3.

Plant and machinery, information technology equipment and intangible assets are all short term assets and depreciated historical cost is used as a proxy for fair value.

Assets capitalised as under construction are carried at costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. They are not revalued and are transferred to the appropriate non-current asset category when completed and ready for use.

### Indexation and Revaluation

The table below summarises the different valuation methodologies deployed for the different categories of assets reported in Note 7.1

The valuations and indices applied were quality assured by the NRW Principal Surveyor. All valuers had enough current local and national knowledge of the market, and the skills and understanding to undertake the valuation competently.

All valuations were undertaken as per the requirements of the relevant RICS Valuation Standards.

Rolling Programme

Reporting column in Note 7.1	Class of Asset	Valuation Methodology	Date of previous full valuation	Process for 2024/25	Valuer
<b>Forest Estate</b>	Forest Estate	Fair value	31 March 2021	Interim valuation	Savills
<b>Freehold Land</b>	Agricultural Land - Equipped Asset	Fair value	31 March 2023	Interim valuation	Internal
	Agricultural Land - Unequipped	Fair value	31 March 2022	Interim valuation	Internal
	Other Welsh Government Woodland Estate Land	Fair value	31 March 2021	Interim valuation	Savills
	Freehold Land	Fair value	31 March 2022	Interim valuation	Internal
<b>Other Land</b>	Wind Farms	Fair value	31 March 2024	Full valuation	Internal
	Hydro Schemes	Fair value	31 March 2024	Full valuation	Internal
	Third party Access	Fair value	31 March 2024	Full valuation	Internal
	Telecom Masts	Fair value	31 March 2024	Full valuation	Internal
	Mineral Leases	Fair value	31 March 2024	Full valuation	Internal
	Other Agreements	Fair value	31 March 2024	Full valuation	Internal
	Forest Holidays	Fair value	31 March 2024	Full valuation	Internal
<b>Buildings</b>	Dwellings	Fair value	31 March 2022	Full valuation	External
	Offices & Commercial	Fair value	31 March 2022	Full valuation	External
	Other buildings (Non-Specialised)	Fair value	31 March 2022	Full valuation	External
	Depots (specialised)	Depreciated replacement cost	31 March 2022	Full valuation	External
	Deer Larders (specialised)	Depreciated replacement cost	31 March 2022	Full valuation	External
	Toilet Blocks (specialised)	Depreciated replacement cost	31 March 2022	Full valuation	External
	Bird Hides	Depreciated replacement cost	31 March 2022	Full valuation	External
	Visitor and Information Centres (specialised)	Depreciated replacement cost	31 March 2022	Full valuation	External
	Other (specialised)	Depreciated replacement cost	31 March 2022	Full valuation	External

Reporting column in Note 7.1	Class of Asset	Valuation Methodology	Date of previous full valuation	Process for 2024/25	Valuer
<b>Operational Structures</b>	Boreholes	Modified historic cost	N/A	Indexed	Internal
	Gauging Station	Modified historic cost	N/A	Indexed	Internal
	Locks & Weirs	Modified historic cost	N/A	Indexed	Internal
	Sea & River Structures	Modified historic cost	N/A	Indexed	Internal
	Sluices	Modified historic cost	N/A	Indexed	Internal
	Other	Modified historic cost	N/A	Indexed	Internal
	Pumping Stations	Modified historic cost	N/A	Indexed	Internal
	Fish Passes	Modified historic cost	N/A	Indexed	Internal
<b>Operational Structures (Public Structures)</b>	Boardwalks	Depreciated replacement cost	31 March 2022	Interim valuation	Internal
	Bike Trails	Depreciated replacement cost	31 March 2022	Interim valuation	Internal
	Other	Depreciated replacement cost	31 March 2022	Interim valuation	Internal
	Car Parks	Depreciated replacement cost	31 March 2022	Interim valuation	Internal
	Walking Trails	Depreciated replacement cost	31 March 2022	Interim valuation	Internal
<b>Biological Assets</b>	Biological Assets	Fair value	31 March 2021	Interim valuation	Savills
<b>Heritage Assets</b>	Heritage Assets	Historical cost	N/A	Held at cost	N/A
<b>Right-of-use Asset (Peppercorn Leases)</b>	Forest Estate	Fair value	31 March 2021	Interim valuation	Savills

The Forest Estate, land, buildings and public structures have historically been subject to full professional valuation every five years in accordance with the Royal Institution of Chartered Surveyors (RICS)'s Appraisal and Valuation Standards (the Red Book).

In 2020/21 a rolling programme for full valuations was established. The valuations as at 31 March 2025 are provided by the relevant firms of Chartered Surveyors or by internal valuers. Where a full valuation was undertaken this is noted in the table above. In between these full valuations, assets are subject to an annual interim valuation or indexation.

Where internal valuations were undertaken, they were undertaken by our in-house team of Chartered Surveyors, under the direction of the Principal Surveyor.

Where no valuation has taken place, the appropriate indexation rates were supplied by the Principal Surveyor.

For operational structures, FReM would expect us to use the depreciated replacement cost method. For NRW's operational structures (not including public structures), that is impractical and not cost effective, so we have used modified historic cost as a proxy for depreciated replacement cost to give us fair value.

Adjustments arising from indexation and revaluations are taken to the revaluation reserve unless the reserve balance in respect of a particular asset has been fully utilised against downward revaluation, in which case the movement is recognised in the Statement of Comprehensive Net Expenditure. Any permanent reductions in value are transferred to the Statement of Comprehensive Net Expenditure.

## Depreciation and amortisation

Land (forest estate and non-forest land) and intangible rights to land are not depreciated, unless the land forms an essential element of an operational structure. These assets are being depreciated over the life of the relevant operational structure. Assets under construction are not depreciated until they are capable of operating in the manner intended by management.

Vehicles shown in the plant and machinery category are depreciated on a reducing balance basis at a rate of 21%. All other assets are depreciated/amortised on a straight line basis over their expected useful economic life. Depreciation is charged to the Statement of Comprehensive Net Expenditure in the month of disposal, but not in the month of acquisition.

A judgement is made on the useful economic lives that form the basis for the period over which property, plant and equipment is depreciated and intangible assets amortised. The estimated asset lives are reviewed, and adjusted if appropriate, at each reporting date. The principal useful lives used for depreciation purposes are:

<b>Asset Category</b>	<b>Principal useful life</b>
<b>Tangible assets</b>	
Buildings and Dwellings	10 - 60 years
Plant and Machinery	4 - 25 years
Information Technology	3 - 10 years
Operational Structures	5 - 100 years
<b>Intangible assets</b>	
Software licences	5 - 25 years
Other licences	5 - 50 years
Software developments	3 - 10 years
Website	5 - 10 years

The range in the useful lives above reflects the variety of assets within the asset categories. An exception would be leasehold improvement assets, which are given the same life as the relative lease.

Other licences also include assets which are held in perpetuity.

Most assets within these categories have principle useful lives within these ranges.

## Disposals

When an asset is disposed of, its carrying amount is written off to the Statement of Comprehensive Net Expenditure as part of the gain or loss on disposal. Receipts from disposals (if any) are also credited to the gain or loss on disposal. Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the general fund.

## Revaluation Reserve

The revaluation reserve shows the gains made by NRW arising from increases in the value of non-current assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of and the gains are realised.

An amount representing the difference between the depreciation charged on the revalued carrying amount of the assets and depreciation based on the asset's original cost is transferred from the revaluation reserve to the general fund.

## **Impairment**

Non-current assets are subject to annual impairment reviews. Impairments are recognised when the recoverable amount of non-current assets falls below their net book value, as a result of either a fall in value owing to market conditions, a loss in economic benefit or reduction of service potential. Downward revaluations resulting from changes in market value only result in an impairment where the asset is revalued below its historical cost carrying amount. The FReM requires that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential should be firstly set against any accumulated balance in the revaluation reserve. Any amount in addition to this is recognised as impairment through the Statement of Comprehensive Net Expenditure. Impairment losses that arise from a clear consumption of economic benefit or reduction in service potential should be taken in full to the Statement of Comprehensive Net Expenditure. An amount to the value of the impairment is transferred from the revaluation reserve to the general fund for the individual assets concerned.

## **Non-current assets held for sale**

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale within 12 months of the reporting date is considered to be highly probable, management is committed to a plan to sell and the asset is being actively marketed in its present condition at a price which is reasonable in relation to its current condition. Depreciation ceases immediately on the classification of the assets as being held for sale. They are stated at the lower of their carrying amount and fair value less costs to sell and are recorded as current assets in the Statement of Financial Position.

## 7.1 Tangible non-current assets

	Forest estate	Other land	Buildings	Plant and machinery	Information technology	Operational structures	Assets under construction	Total property, plant & equipment	Biological assets	Heritage assets	Total tangible assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2024</b>	1,743,751	299,859	14,730	27,675	1,376	96,794	5,695	<b>2,189,880</b>	402,189	7,530	<b>2,599,599</b>
Additions	-	45	200	2,165	54	344	3,605	<b>6,413</b>	-	-	<b>6,413</b>
Disposals, derecognition and write-offs	-	(400)	(200)	(804)	-	-	(137)	<b>(1,541)</b>	-	-	<b>(1,541)</b>
Movement from/(to) held for sale	-	-	-	161	-	-	-	<b>161</b>	-	-	<b>161</b>
Fellings	(17,100)	-	-	-	-	-	-	<b>(17,100)</b>	(6,486)	-	<b>(23,586)</b>
Indexation and revaluation	(109,228)	(57,419)	3,724	-	-	1,697	-	<b>(161,226)</b>	(28,710)	-	<b>(189,936)</b>
Reclassification	-	45	233	186	127	1,592	(2,183)	-	-	-	-
<b>At 31 March 2025</b>	<b>1,617,423</b>	<b>242,130</b>	<b>18,687</b>	<b>29,383</b>	<b>1,557</b>	<b>100,427</b>	<b>6,980</b>	<b>2,016,587</b>	<b>366,993</b>	<b>7,530</b>	<b>2,391,110</b>
<b>Depreciation</b>											
<b>At 1 April 2024</b>	-	-	1,809	17,610	719	32,145	-	<b>52,283</b>	-	-	<b>52,283</b>
Charged in year	-	-	641	1,830	180	3,191	-	<b>5,842</b>	-	-	<b>5,842</b>
Disposals, derecognition and write-offs	-	-	(111)	(756)	-	-	-	<b>(867)</b>	-	-	<b>(867)</b>
Movement from/(to) held for sale	-	-	-	165	-	-	-	<b>165</b>	-	-	<b>165</b>
Indexation and revaluation	-	-	(2,279)	-	-	537	-	<b>(1,742)</b>	-	-	<b>(1,742)</b>
Reclassification	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2025</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>18,849</b>	<b>899</b>	<b>35,873</b>	<b>-</b>	<b>55,681</b>	<b>-</b>	<b>-</b>	<b>55,681</b>
<b>Carrying amount at 1 April 2024</b>	<b>1,743,751</b>	<b>299,859</b>	<b>12,921</b>	<b>10,065</b>	<b>657</b>	<b>64,649</b>	<b>5,695</b>	<b>2,137,597</b>	<b>402,189</b>	<b>7,530</b>	<b>2,547,316</b>
<b>Carrying amount at 31 March 2025</b>	<b>1,617,423</b>	<b>242,130</b>	<b>18,627</b>	<b>10,534</b>	<b>658</b>	<b>64,554</b>	<b>6,980</b>	<b>1,960,906</b>	<b>366,993</b>	<b>7,530</b>	<b>2,335,429</b>

Buildings include dwellings with a carrying amount of £215k. The other buildings are offices and workbases.

The amount held in the Revaluation Reserve for tangible assets at 31 March 2025 was £1,859,410k.

Comparative figures for the year ended 31 March 2024

	Forest estate	Other land	Buildings	Plant and machinery	Information technology	Operational structures	Assets under construction	Total property, plant & equipment	Biological assets	Heritage assets	Total tangible assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2023</b>	1,787,442	246,111	14,366	26,992	13,702	94,556	3,525	<b>2,186,694</b>	447,864	7,474	<b>2,642,032</b>
Additions	-	1,039	134	1,640	18	91	4,461	<b>7,383</b>	-	-	<b>7,383</b>
Disposals, derecognition and write-offs	-	(4)	-	(824)	(12,376)	(103)	-	<b>(13,307)</b>	-	-	<b>(13,307)</b>
Movement from/(to) held for sale	8	-	(1)	(244)	-	-	-	<b>(237)</b>	-	-	<b>(237)</b>
Fellings	(19,857)	-	-	-	-	-	-	<b>(19,857)</b>	(7,532)	-	<b>(27,389)</b>
Indexation and revaluation	(23,842)	51,143	231	-	-	1,655	-	<b>29,187</b>	(38,143)	-	<b>(8,956)</b>
Reclassification	-	1,570	-	111	32	595	(2,291)	<b>17</b>	-	56	<b>73</b>
<b>At 31 March 2024</b>	<b>1,743,751</b>	<b>299,859</b>	<b>14,730</b>	<b>27,675</b>	<b>1,376</b>	<b>96,794</b>	<b>5,695</b>	<b>2,189,880</b>	<b>402,189</b>	<b>7,530</b>	<b>2,599,599</b>
<b>Depreciation</b>											
<b>At 1 April 2023</b>	-	-	1,156	16,796	12,947	28,576	-	<b>59,475</b>	-	-	<b>59,475</b>
Charged in year	-	-	642	1,756	148	3,157	-	<b>5,703</b>	-	-	<b>5,703</b>
Disposals, derecognition and write-offs	-	-	-	(677)	(12,376)	(87)	-	<b>(13,140)</b>	-	-	<b>(13,140)</b>
Movement from/(to) held for sale	-	-	-	(246)	-	-	-	<b>(246)</b>	-	-	<b>(246)</b>
Indexation and revaluation	-	-	11	-	-	480	-	<b>491</b>	-	-	<b>491</b>
Reclassification	-	-	-	(19)	-	19	-	<b>-</b>	-	-	<b>-</b>
<b>At 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>1,809</b>	<b>17,610</b>	<b>719</b>	<b>32,145</b>	<b>-</b>	<b>52,283</b>	<b>-</b>	<b>-</b>	<b>52,283</b>
<b>Carrying amount at 1 April 2023</b>	<b>1,787,442</b>	<b>246,111</b>	<b>13,210</b>	<b>10,196</b>	<b>755</b>	<b>65,980</b>	<b>3,525</b>	<b>2,127,219</b>	<b>447,864</b>	<b>7,474</b>	<b>2,582,557</b>
<b>Carrying amount at 31 March 2024</b>	<b>1,743,751</b>	<b>299,859</b>	<b>12,921</b>	<b>10,065</b>	<b>657</b>	<b>64,649</b>	<b>5,695</b>	<b>2,137,597</b>	<b>402,189</b>	<b>7,530</b>	<b>2,547,316</b>

Buildings include dwellings with a carrying amount of £344k. The other buildings are offices and workbases. The amount held in the Revaluation Reserve for tangible assets at 31 March 2024 was £2,038,589k.

### 7.1.1 Forest estate including biological assets

Legal ownership of the Welsh Government Woodland Estate (WGWE) is vested with the Welsh Ministers. It is included in NRW's Statement of Financial Position as NRW carries the financial risks and rewards associated with the estate and undertakes all estate management activities. The estate comprises of land and growing timber. Legal ownership of timber, including uncut trees, is vested in NRW.

Woodlands and forests are primarily held and managed to meet the sustainable forest management objectives set out in Woodlands for Wales (The Welsh Government's strategy for woodlands and trees). Their purpose can be split between economic (contribution to a thriving and sustainable Welsh economy) and other (social, environmental, climate change). Under International Accounting Standard 41 (Agriculture), timber grown for economic purpose must be classified as biological assets. The rest of the timber, together with all underlying land, is classified as property, plant and equipment and referred to as the forest estate.

Adjustments arising from revaluation of the forest estate are taken to the revaluation reserve and released to General Fund when gains are realised in the felling of trees. Adjustments arising from revaluation of biological assets are recognised in the Statement of Comprehensive Net Expenditure in the year of revaluation.

#### **Estimation techniques, assumptions and judgements**

Elements of the valuation and therefore the accounting for these assets rely on estimation techniques.

It is not considered cost effective to carry out a full external professional valuation covering all areas of woodland. Following advice from qualified valuers, it is deemed that a reasonable valuation can be derived by carrying out on-site valuations of a random sample of sites representing between 8% and 10% of the estate then extrapolating these for the whole estate, using the factors of location, species, age and quality (yield class) of the trees.

It is also considered that the most appropriate market-based evidence of value is derived from the market for the sale of woodlands and forests over 50 hectares in area. It is recognised that even so there can still be a wide spread of values and these can be somewhat subjective judgements. Thus any valuation of woods will have a degree of reliance on professional opinion. The external valuers subsequently apportion values to land and timber. The value of leasehold land is estimated to be 15% less than freehold land.

The apportionment of trees between biological assets and property, plant and equipment was carried out by NRW staff using judgements and estimates. An assessment was made of the proportion primarily held for economic purposes and the resulting percentage was used to determine the value of trees classed as a biological asset. Should there be an acquisition or disposal of land that would create a total change in our forest estate land holding of ten per cent or more, an interim review of the assessment would take place. There was no such change during the period ending 31 March 2025. The percentage split is currently 27.5% for biological assets and 72.5% for Property, Plant and Equipment. As required under IAS 41, the fair value of biological assets is reduced by estimated costs to the point of sale. These costs are estimated at 10% of timber values and reflect the costs of selling the woodland or forest.

## 7.1.2 Windfarms

Some forest estate land is leased to external parties as windfarm sites. Historically, the development of a windfarm was split into three stages. Each stage requires a different type of lease agreement.

- The first stage is the Option Lease Agreement. This provides the windfarm developer with the right to exercise the option to build on the land. At this stage, NRW receives an option fee based on a financial formula set out in the agreement.
- The second stage is the Development and Operational Lease Agreement. Planning permission has been granted and construction takes place during this stage. Similar to the first stage, NRW receives an option fee based on a financial formula set out in the agreement.
- The third stage is the Operating Lease Agreement. The windfarm is fully operational and is generating electricity. NRW receives two elements of income; a guaranteed base rent and a royalty rent based on electricity generation.

New template agreements have been adopted whereby future windfarm agreements will be divided into only two stages, being the Option and Lease. The Lease will provide a Licence under which the construction can take place. Valuation of the agreement will take place once the Option has been exercised and the Lease drawn down.

Leases for windfarms which are in the development or operation stage are capitalised as land asset within other land in note 7.1. Five (2023/24 : four) windfarms are included within property, plant and equipment. For the year ended 31 March 2025 the windfarms were valued in line with the rolling programme outlined in note 7.

The individual values for the windfarms are shown below.

	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Cefn Croes	10,489	14,562
Pen y Cymoedd	95,111	96,272
Brechfa West	28,193	70,046
Clocaenog	36,581	36,053
Pant Y Wall	536	-
<b>Total</b>	<b>170,910</b>	<b>216,933</b>

Two other windfarms are currently at the Option Lease Agreement stage. There will be just two stages for these windfarms as the development stage and operational stage will be merged. These will be capitalised when they move into the next stage.

### 7.1.3 Heritage assets

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Our National Nature Reserves meet the criteria for heritage assets. They comprise non-operational land within designated conservation areas which were set up to conserve and to allow people to study their wildlife, habitats or geological features of special interest. This land is held for conservation and for sustainable public use. Under the FReM interpretation of IAS 16 (Property, Plant and Equipment) these assets have been capitalised at cost.

As at 31 March 2025 NRW manages 56 of Wales' National Nature Reserves, either entirely, or in partnership, and one Marine Nature Reserve (MNR). There were no additions, disposals or reclassifications during the year (23/24 one heritage asset reclassification of £56k).

Because of the diverse nature of the land held and the lack of comparable market values, NRW considers that obtaining external valuations would involve disproportionate cost. Heritage assets are therefore held at cost. Preservation costs (expenditure required to preserve the heritage asset) are recognised in the Statement of Comprehensive Net Expenditure when they are incurred.

#### Heritage Assets 4 year movements

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Opening balance	7,403	7,403	7,474	7,530
Additions	-	71	-	-
Reclassifications	-	-	56	-
<b>Closing balance</b>	<b>7,403</b>	<b>7,474</b>	<b>7,530</b>	<b>7,530</b>

Further information on NRW's heritage assets and policies on the acquisition, preservation, management, disposal and access to heritage assets can be found on the NRW website at:

<http://naturalresources.wales/guidance-and-advice/environmental-topics/wildlife-and-biodiversity/find-protected-areas-of-land-and-seas/national-nature-reserves/?lang=en>

## 7.2 Intangible non-current assets

	Software licences	Other licences	Software development expenditure	Website	Assets under construction	Total intangible assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
<b>At 1 April 2024</b>	4,023	2,282	46,534	897	11,041	<b>64,777</b>
Additions	162	-	2,239	-	3,022	<b>5,423</b>
Assets commissioned in year	-	-	6,356	111	(6,467)	-
Disposals, derecognition and write-offs	-	-	(670)	-	-	<b>(670)</b>
Indexation and revaluation	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
<b>At 31 March 2025</b>	<b>4,185</b>	<b>2,282</b>	<b>54,459</b>	<b>1,008</b>	<b>7,596</b>	<b>69,530</b>
<b>Amortisation</b>						
<b>At 1 April 2024</b>	3,554	85	26,644	646	-	<b>30,929</b>
Charged in year	176	12	5,501	251	-	<b>5,940</b>
Disposals, derecognition and write-offs	-	-	(670)	-	-	<b>(670)</b>
Indexation and revaluation	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
<b>At 31 March 2025</b>	<b>3,730</b>	<b>97</b>	<b>31,475</b>	<b>897</b>	<b>-</b>	<b>36,199</b>
<b>Carrying Amount at 1 April 2024</b>	<b>469</b>	<b>2,197</b>	<b>19,890</b>	<b>251</b>	<b>11,041</b>	<b>33,848</b>
<b>Carrying Amount at 31 March 2025</b>	<b>455</b>	<b>2,185</b>	<b>22,984</b>	<b>111</b>	<b>7,596</b>	<b>33,331</b>

The amount held in the Revaluation Reserve for these assets at 31 March 2025 was £556k.

### Comparative figures for the year ended 31 March 2024

	Software licences	Other licences	Software development expenditure	Website	Assets under construction	Total intangible assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
<b>At 1 April 2023</b>	5,803	2,356	38,280	486	10,480	<b>57,405</b>
Additions	-	-	180	-	7,530	<b>7,710</b>
Assets commissioned in year	(1,543)	-	8,074	-	(6,899)	<b>(368)</b>
Disposals, derecognition and write-offs	(237)	-	-	-	(28)	<b>(265)</b>
Indexation and revaluation	-	-	-	-	-	-
Reclassification	-	(74)	-	411	(42)	<b>295</b>
<b>At 31 March 2024</b>	<b>4,023</b>	<b>2,282</b>	<b>46,534</b>	<b>897</b>	<b>11,041</b>	<b>64,777</b>
<b>Amortisation</b>						
<b>At 1 April 2023</b>	4,494	72	20,706	486	-	<b>25,758</b>
Charged in year	194	13	5,041	160	-	<b>5,408</b>
Disposals, derecognition and write-offs	(237)	-	-	-	-	<b>(237)</b>
Indexation and revaluation	-	-	-	-	-	-
Reclassification	(897)	-	897	-	-	-
<b>At 31 March 2024</b>	<b>3,554</b>	<b>85</b>	<b>26,644</b>	<b>646</b>	<b>-</b>	<b>30,929</b>
<b>Carrying Amount at 1 April 2023</b>	<b>1,309</b>	<b>2,284</b>	<b>17,574</b>	<b>-</b>	<b>10,480</b>	<b>31,647</b>
<b>Carrying Amount at 31 March 2024</b>	<b>469</b>	<b>2,197</b>	<b>19,890</b>	<b>251</b>	<b>11,041</b>	<b>33,848</b>

The amount held in the Revaluation Reserve for these assets at 31 March 2024 was £568k.

### 7.2.1 Intangible assets

Intangible assets are assets that are not physical in nature and comprise largely of websites, software licences and software development expenditure, including assets in the course of construction.

Software development expenditure relates to costs incurred in the improvement, development and configuration of Information technology systems for use by the business, once relevant recognition criteria has been met.

Costs included within Assets under construction are transferred to software development expenditure, or other relevant classification, when the full scope of the project is realised and the asset is released to use of the business.

These assets are recognised, measured and amortised in line with the criteria set out in note 7 to the accounts.

## 8. Leases

Leases are accounted for under IFRS 16 “Leases”, which incorporates a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions outlined below).

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise (‘right of use’) assets and lease liabilities.

In the definition of a lease under IFRS 16; there is more emphasis on being able to control the use of an asset identified in a contract.

### Assumptions

NRW has expanded the definition of a lease to include arrangements with nil consideration. Peppercorn leases are examples of these; they are defined by HM Treasury as lease payments significantly below market value. These assets are fair valued on initial recognition.

In line with FReM, NRW has not recognised right of use assets and lease liabilities for the following leases:

- intangible assets;
- non-lease components of contracts where applicable;
- low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment except vehicles which have been deemed to be not of low value); and
- leases with a lease term of 12 months or less.

### Lease recognition

NRW will assess whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, NRW will consider whether:

- The contract involves the use of an identified asset;
- NRW has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- NRW has the right to direct the use of the asset.

NRW will assess whether it is reasonably certain to exercise break options or extension options at the lease commencement date. This will be reassessed if there are significant events or changes in circumstances that were not anticipated.

### As a Lessee

#### Right of use assets

Under IFRS 16 NRW recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases.

The right of use asset is depreciated using the straight line method from the commencement date to the earlier of the end of the lease term.

NRW applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Right of use assets are presented in note 8.1.

### **Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, using the rate determined by HM Treasury issued Public Expenditure System (PES) papers. PES rates are published annually for the forthcoming year. The discount rate applied was 4.72% for the year ended 31 March 2025.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, or if there is a revised in-substance fixed lease payment.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments;
- Penalties for early termination of a lease, unless it is reasonably certain not to be terminated early.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero.

Lease liabilities are presented in note 8.2

### **As a lessor**

Where NRW acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease. To classify each lease, NRW will make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

Where NRW is an intermediate lessor, it accounts for its interest in the head lease and the sub lease separately. If a head lease is a short term lease to which NRW applies the exemption above, then the sublease classifies as an operating lease. NRW will recognise lease payments under operating leases as income on a straight line basis over the length of the lease terms. The accounting policies applicable to NRW as a lessor are largely unchanged by IFRS 16 except for reviews of intermediate lessor arrangements.

## 8.1 Right of use assets

	Forest estate land	Other land	Buildings	Plant and machinery	Heritage assets	Total Right of Use assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2024</b>	71,871	343	11,661	4,100	1,273	<b>89,248</b>
Additions	-	16	-	615	236	<b>867</b>
Disposals, derecognition and write-offs	-	(3)	(1,674)	(1,019)	(4)	<b>(2,700)</b>
Indexation and revaluation	(3,107)	-	-	-	-	<b>(3,107)</b>
<b>At 31 March 2025</b>	<b>68,764</b>	<b>356</b>	<b>9,987</b>	<b>3,696</b>	<b>1,505</b>	<b>84,308</b>
<b>Depreciation</b>						
<b>At 1 April 2024</b>	4	35	3,212	2,007	116	<b>5,374</b>
Charged in year	-	21	1,993	998	58	<b>3,070</b>
Disposals, derecognition and write-offs	-	(2)	(1,305)	(999)	(4)	<b>(2,310)</b>
Indexation and revaluation	-	-	-	-	-	<b>-</b>
<b>At 31 March 2025</b>	<b>4</b>	<b>54</b>	<b>3,900</b>	<b>2,006</b>	<b>170</b>	<b>6,134</b>
<b>Carrying amount at 1 April 2024</b>	<b>71,867</b>	<b>308</b>	<b>8,449</b>	<b>2,093</b>	<b>1,157</b>	<b>83,874</b>
<b>Carrying amount at 31 March 2025</b>	<b>68,760</b>	<b>302</b>	<b>6,087</b>	<b>1,690</b>	<b>1,335</b>	<b>78,174</b>

### Comparative figures for the year ended 31 March 2024

	Forest estate land	Other land	Buildings	Plant and machinery	Heritage assets	Total Right of Use assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2023</b>	59,807	384	7,578	3,386	1,278	<b>72,433</b>
Additions	-	18	4,083	745	-	<b>4,846</b>
Disposals, derecognition and write-offs	-	(59)	-	(31)	(5)	<b>(95)</b>
Indexation and revaluation	12,064	-	-	-	-	<b>12,064</b>
<b>At 31 March 2024</b>	<b>71,871</b>	<b>343</b>	<b>11,661</b>	<b>4,100</b>	<b>1,273</b>	<b>89,248</b>
<b>Depreciation</b>						
<b>At 1 April 2023</b>	4	57	1,530	969	58	<b>2,618</b>
Charged in year	-	37	1,682	1,063	58	<b>2,840</b>
Disposals, derecognition and write-offs	-	(59)	-	(25)	-	<b>(84)</b>
Indexation and revaluation	-	-	-	-	-	<b>-</b>
<b>At 31 March 2024</b>	<b>4</b>	<b>35</b>	<b>3,212</b>	<b>2,007</b>	<b>116</b>	<b>5,374</b>
<b>Carrying amount at 1 April 2023</b>	<b>59,803</b>	<b>327</b>	<b>6,048</b>	<b>2,417</b>	<b>1,220</b>	<b>69,815</b>
<b>Carrying amount at 31 March 2024</b>	<b>71,867</b>	<b>308</b>	<b>8,449</b>	<b>2,093</b>	<b>1,157</b>	<b>83,874</b>

## 8.2 Lease Liabilities

	31 March 2025	31 March 2024
	£'000	£'000
<b>Due within 1 year</b>		
Lease liabilities (current)	1,849	2,339
<b>Total</b>	<u>1,849</u>	<u>2,339</u>
<b>Due after 1 year</b>		
Lease liabilities (non current)	6,739	8,221
<b>Total lease liabilities</b>	<u>8,588</u>	<u>10,560</u>
<b>Maturity analysis of leases held under IFRS 16</b>		
	31 March 2025	31 March 2024
	£'000	£'000
Due within 1 year	1,850	2,339
Due in 2-5 years	3,007	3,949
Due in more than 5 years	3,731	4,272
<b>Total lease liabilities</b>	<u>8,588</u>	<u>10,560</u>
	31 March 2025	31 March 2024
	£'000	£'000
<b>Leases under IFRS 16</b>		
Interest on lease liabilities	163	101
Expenses relating to short-term leases (excluding low-value assets)	91	93
Expenses relating to leases of low-value assets	-	-
	<u>254</u>	<u>194</u>

## 8.3 Other operating leases

For short term leases (lease term of 12 months or less) and leases of low-value assets, NRW will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16. Other operating leases disclosed below relate to those agreements that are not captured by IFRS 16.

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	31 March 2025	31 March 2024
	£'000	£'000
<b>Obligations under operating leases are:</b>		
Not later than one year	91	87
Later than one year and not later than five years	3	3
Later than five years	23	24
<b>Total value of obligations</b>	<u>117</u>	<u>114</u>

## 8.4 Lease receivables

Assets (land and buildings) which are leased to external parties under an operating lease are capitalised in accordance with the non-current assets policy which is outlined in Note 7. Operating lease income is accounted for on a straight-line basis and the future minimum lease payments receivable under non-cancellable operating leases are shown in the table below. The future lease payments is estimated using the 12 months of income due to be invoiced during the current financial year. The table includes projected income from windfarms, as NRW manages these leases on behalf of Welsh Government and royalties from Energy Delivery Programme, Third party access, Hydro and other leases.

	31 March 2025	31 March 2024
	£'000	£'000
Not later than one year	17,831	21,708
Later than one year and not later than five years	68,856	84,727
Later than five years	221,344	296,895
<b>Total</b>	<u>308,031</u>	<u>403,330</u>

The income from windfarm leases represents a large part of the values disclosed in the table above. Where windfarms are subject to Welsh Government's Technical Advice Note 8: Planning for Renewable Energy (TAN 8) and Future Wales, the income is not retained by NRW and is surrendered to Welsh Government. More information regarding this income can be found in Note 1.4.

## 9. Financial liabilities and instruments

### 9.1 Financial liability

The financial liability of £39,435k reported in the Statement of Financial Position represents the liability from reservoir operating agreements.

In 1989, to enable privatisation to occur, HM Government negotiated reservoir operating agreements with the water companies. These agreements included fixed payments (indexed annually on the Retail Price Index) payable in perpetuity to the water companies. NRW is now responsible for the payments to Dŵr Cymru Welsh Water.

As the total liability has been calculated as perpetuity on an amortised cost basis, it will not change from year to year except in the unlikely event of an agreement ceasing. NRW is able to recover the full cost of reservoir operating agreements including the annual indexation through its charges for water abstraction.

An amount of £7,825k due to Dŵr Cymru Welsh Water was accounted for during 2024/25 (2023/24: £7,608k) for the indexed fixed payments. These are included with other payments under the reservoir operating agreements in Note 5.

Legislative obligations relating to enhanced standards for spillways, pipes & dams as well as assets coming to the end of their useful lives have resulted in Dŵr Cymru Welsh Water implementing a capital programme across Clwyd, Dwyfor, Aled, Dee, Wye & Tywi catchments. The works, which started in 2018/19, are expected to take 10 years and are due to complete in 2027/28. The projected total cost of this programme has increased since the start of the programme. The latest estimates from Dŵr Cymru Welsh Water indicate that the programme will cost £51m, excluding cost of capital. NRW has agreed an incremental payment schedule with Dŵr Cymru Welsh Water to smoothly distribute the cost resulting in manageable increased charges for the abstractor. This facility has enabled NRW to forecast a sustainable Standard Unit Charge Account over the duration of this programme.

The cost is reported within Reservoir operating agreements in Note 5 and the in-year deficit has been added to the long term payables in Note 14. The corresponding increase in attributable income to be received is reported within abstraction costs in Note 6.1 and long term receivables in Note 11.

### 9.2 Financial instruments

As the cash requirement of NRW is mainly met through grant-in-aid, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with NRW's expected purchase and usage requirements and NRW is therefore exposed to little credit, liquidity or market risk.

Under IFRS 9, an Expected Credit Loss (ECL) model is used to estimate and account for expected credit losses for all relevant financial assets. NRW's estimate is based on our historic experience of credit losses updated for known future credit issues.

## 10. Financial Assets

	31 March 2025	31 March 2024
	£'000	£'000
<b>Non-current</b>		
Lake Vyrnwy forest	13,689	15,009
	<u>13,689</u>	<u>15,009</u>

### Lake Vyrnwy forest

Hafren Dyfrdwy is responsible for the management of the forest at Lake Vyrnwy, collecting the income and incurring the relative costs. NRW has an advisory role under the afforestation scheme agreement and receives 50% of the operating surplus from Hafren Dyfrdwy.

## 11. Trade and other receivables

	31 March 2025	31 March 2024
	£'000	£'000
<b>Due within 1 year</b>		
Trade receivables	10,386	13,970
Expected credit loss	(135)	(230)
Contract assets - Commercial and other	1,868	4,160
Accrued income - Fees and charges	15,403	3,503
Accrued income - Welsh Government Grants	16,560	17,130
Accrued income - European income	576	1,619
VAT receivable	5,282	1,780
Prepayments	3,190	3,120
Deposit	-	45
Other receivables	5,586	24
<b>Total</b>	<u><b>58,716</b></u>	<u><b>45,121</b></u>
<b>Due after 1 year</b>		
Long term receivables	20,025	11,940
<b>Total Trade and other receivables</b>	<u><b>78,741</b></u>	<u><b>57,061</b></u>

## 12. Payments on account

	31 March 2025	31 March 2024
	£'000	£'000
Payments on account	-	19,000
<b>Total</b>	<u><b>-</b></u>	<u><b>19,000</b></u>

During 2023/24, NRW made a payment on account to HMRC of £19m in relation to any prospective PAYE income tax, NIC and apprenticeship levy due as a result of HMRC's enquiry into NRW's treatment of off-payroll engagements which was being undertaken at the time. The enquiry has concluded and NRW's final liability to HMRC of £14.6m has been agreed and settled. This £14.6m is accounted for as a special payment during 2024/25 within Losses and Special Payments in Note 5 (more information about this special payment is provided within the Parliamentary Report). The remaining balance of the payment on account £4.4m after deducting the liability is due back to NRW from HMRC and is included within other receivables in Note 11 with the payment on account reduced to £nil.

### 13. Cash and cash equivalents

	31 March 2025	31 March 2024
	£'000	£'000
Opening balance	9,787	5,077
Net change in cash and cash equivalent balances	2,816	4,710
<b>Total</b>	<b>12,603</b>	<b>9,787</b>
The following balances were held at 31 March		
Government Banking Service	12,601	9,785
Cash in hand	2	2
<b>Total</b>	<b>12,603</b>	<b>9,787</b>

Cash and cash equivalents comprise cash in hand, financial provisions (see Note 1.10) and current balances which are held in Government Banking Service. These balances are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in value. Financial provisions are not available for use by NRW. Only when the permit conditions are breached by the landfill operator will NRW give due consideration to drawing down the provision in place.

## 14. Trade and other payables

	31 March 2025	31 March 2024
	£'000	£'000
<b>Due within 1 year</b>		
Trade payables	14,023	2,451
Trade payables accrual	22,848	33,960
Deferred Income - Fees and Charges	5,464	4,181
Deferred Income - EU and other funding	8,896	6,379
Contract Liabilities - Fees and Charges	-	219
Contract Liabilities - Commercial	1,237	1,238
Holiday pay	3,942	3,620
Bonds and deposits	8,430	3,036
Welsh Government funding received in advance	4,369	19,000
Other payables	7,248	5,280
Taxation and social security	-	9
<b>Total</b>	<b>76,457</b>	<b>79,373</b>
<b>Due after 1 year</b>		
Long term payables	19,312	11,158
Long term deferred income	80	80
Long term bonds and deposits	93	93
<b>Total</b>	<b>19,485</b>	<b>11,331</b>
<b>Total Trade and other payables</b>	<b>95,942</b>	<b>90,704</b>

## 15. Provisions

	Grants	Other	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2024</b>	92	2,910	3,002
Provided in the year - SoCNE	112	-	112
Provided in the year - Right of Use asset (note 8.1)	-	-	-
Released in year	(92)	(678)	(770)
Used in the year	-	-	-
<b>Balance at 31 March 2025</b>	<b>112</b>	<b>2,232</b>	<b>2,344</b>
<b>Estimated timing of discounted cash flows</b>			
Due within one year	112	2,232	2,344
Due between one and five years	-	-	-
<b>Total</b>	<b>112</b>	<b>2,232</b>	<b>2,344</b>

In line with the requirement of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), where material, NRW provides for obligations arising from past events where there is a present obligation at the reporting date and it is probable that NRW will be required to settle the obligation and a reliable financial estimate can be made. The total provisions reported above are in the Statement of Financial Position under liabilities.

Provisions for grant payments are included where the work carried out by the grant partners had completed on or before 31 March 2025, but the claim is not due to be submitted to NRW until June 2025. The value of the provision is based on the grant offer letter.

Other provisions relate to potential dilapidations charges on rented office space.

The costs of the other provisions are shown in note 5. The movement in expected credit loss is also shown in note 5, and the total provision for expected credit loss is shown in Note 11 and included in the Statement of Financial Position under Trade and other receivables.

## 16. Pension obligations

NRW is a member of two pension schemes, the Civil Service Pension Scheme (CSPS) and the Environment Agency Pension Fund (EAPF).

### 16.1 Civil Service Pension Scheme

CSPS is open to new employees.

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into different sections - classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by the UK Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha - as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the UK Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the "McCloud judgment").

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy is made up of two parts. The first part of the remedy resulted in the closure of the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part of the remedy removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS 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 PCSPS 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.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website.

[www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## 16.2 Environment Agency Pension Fund (EAPF)

On 1 April 2013, the pension activities of Environment Agency Wales (EAW) were transferred to NRW pursuant to the Natural Resources Body for Wales Transfer Scheme 2013 under the Public Bodies Act 2011. The employees of NRW that were employees of EAW remain members of the Environment Agency Pension Fund (EAPF) as an admitted body.

EAPF operates a statutory, defined benefit pension scheme, primarily governed by the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. These are subject to amendment over time. Further details on the pension fund, including its annual report and financial statements, are on the EAPF website, [www.eapf.org.uk](http://www.eapf.org.uk)

The total EAPF pension charge for NRW for the financial year 2024/25 was £6,167k (£6,988k in 2023/24). The pension charge relating to the scheme was assessed in accordance with the advice of an independent qualified actuary using the projected unit method of valuation to calculate the service costs. NRW's funding arrangements are to pay the employer contributions to the Pension Fund either on a monthly basis or as lump sum payments.

The latest triennial actuarial valuation of the EAPF was at 31 March 2022. The assets taken at market value (£4.5 billion) were sufficient to cover 103% of the value of liabilities in respect of past service benefits which had accrued to members. NRW accepted the independent actuary's recommendation in respect of future employer contributions. The next triennial actuarial valuation will be as at 31 March 2025 and will be used to set employer contribution rates for the three-year period starting 1 April 2026.

The annual report and financial statements for the EAPF estimated that it had sufficient assets to meet 171% of its expected future liabilities at 31 March 2025 on an ongoing funding basis. NRW's share of the EAPF's liabilities as reported in these financial statements is calculated on an accounting basis using different actuarial assumptions, required by IAS19.

There are two main differences in the assumptions used in these financial statements under an accounting basis (IAS 19) and those used for funding purposes, as reported by EAPF. These differences are in the discount rate assumption and the pension increase assumption used to value pension liabilities. The EAPF discount rate for funding purposes is based on a prudent expectation of the return generated from the portfolio of assets owned by the EAPF. At 31 March 2022 this discount rate was 3.1% p.a. The discount rate used in the NRW financial statements (5.8% p.a.), as required by IAS 19, is based on high quality corporate bond yields with no additional asset performance assumption.

A number of assumptions are made as part of the actuarial valuation process. The prudent actuarial assumptions used do not represent a view on what future pay movements may be. It was assumed at the 2022 actuarial valuation that present and future pensions in payment will increase at the rate of 3.0% per annum. The estimated contribution payable by NRW, excluding any discretionary lump sum payments, for the year to 31 March 2026 will be approximately £nil as it has paid all of its normal employer contributions in March 2025.

The 2022 valuation covers the experience of the Covid 19 pandemic. The funding position was not significantly affected by the pandemic as pension ceasing was broadly in line with expectations. Overall, the mortality experience has had minimal impact on the funding position. The EAPF's actuary continues to monitor the funding level and outlook for the long-term economy and returns on the Active Fund's assets on a regular basis.

The actuarial valuation of NRW's share of the EAPF as at 31 March 2025 is a surplus of £170.0m (31 March 2024 £113.1m).

NRW have considered whether, in accordance with IAS 19 and IFRIC 14, it is appropriate to recognise an asset equivalent to the full value of the surplus or capped at ceiling value equal to the economic benefit available to NRW and whether there are additional liabilities due to any minimum funding requirements which may exist.

It is determined that a ceiling value is to be applied equal to the maximum benefit available to NRW by reduced contributions. The actuary have provided their calculations for this value using assumptions that are consistent with those used to determine the defined benefit obligation and with the situation that exists at the end of the reporting period. At 31 March 2025, following obtaining further legal advice, NRW supports the generally accepted view that a minimum funding requirement exists and considers the future service contributions as a minimum funding requirement. This is a change in accounting policy since 31 March 2024 as outlined within Note 1.9.

As the tables within Note 16.2.5 below indicate, a ceiling value is calculated to be the present value of future service costs less present value of future contributions and is taken to be £Nil (31 March 2024 restated £Nil) as the present value of future contributions are higher than the present value of future service costs.

Cash contributions paid by NRW to the pension fund will continue to be set by reference to assumptions agreed at each triennial actuarial valuation of the scheme.

## 16.2.1 Financial and longevity assumptions

Year Ended	31 March 2025	31 March 2024
	% p.a.	% p.a.
Pension Increase Rate	2.75%	2.75%
Salary Increase Rate	3.25%	3.25%
Discount Rate	5.80%	4.85%

As at the date of the most recent valuation, the duration of the employer's funded liabilities is 20 years.

	Males	Females
Current Pensioners	20.9 years	23.5 years
Future Pensioners*	22.1 years	25.4 years

\* figures assume members aged 45 as at the last formal valuation date

## 16.2.2 Sensitivity analysis

	Approximate % increase to Employer Liability	Approximate monetary amount £'000
<b>Change in assumptions at 31 March 2025:</b>		
0.1% decrease in Real Discount Rate	2%	5,903
1 Year increase in member life expectancy	4%	12,058
0.1% increase in the Salary Increase Rate	0%	338
0.1% increase in the Pension Increase Rate	2%	5,727

## 16.2.3 Duration of defined benefit obligation

The duration of the defined benefit obligation (i.e. the weighted average of the time until payment of future cash flows) for scheme members calculated at the last triennial valuation as at 31 March 2022 was calculated by the actuary as 20 years.

## 16.2.4 Fair Value of Assets

### Fair Value of Assets for the year ended 31 March 2025

Asset Category	Quoted £'000	Unquoted £'000	Undetermined £'000	Total £'000	%
<b>Equity Securities:</b>					
Common Stock	45,377	-	-	45,377	10%
Preferred Stock	-	-	-	-	0%
Rights/Warrants	-	-	-	-	0%
Other Equity Assets	241	-	-	241	0%
	<b>45,618</b>	-	-	<b>45,618</b>	<b>10%</b>
<b>Debt Securities:</b>					
UK Government Bonds	-	-	-	-	0%
Corporate Bonds	-	-	-	-	0%
Other	-	-	-	-	0%
	-	-	-	-	0%
<b>Pooled Investment Vehicles:</b>					
Equities	-	128,683	-	128,683	27%
Bonds	-	184,555	-	184,555	39%
Funds - Common Stock	-	-	-	-	0%
Funds - Real Estate	-	12,042	-	12,042	3%
Funds - Venture Capital	-	1,450	-	1,450	0%
	-	<b>326,730</b>	-	<b>326,730</b>	<b>69%</b>
<b>Venture Capital and Partnerships:</b>					
Partnerships & Real Estate	-	75,915	-	75,915	16%
	-	<b>75,915</b>	-	<b>75,915</b>	<b>16%</b>
<b>Other Investment:</b>					
Stapled Securities	-	-	-	-	0%
	-	-	-	-	<b>0%</b>
<b>Derivative Contracts:</b>					
Equity Derivatives - Futures	-	-	-	-	0%
Forward FX Contracts	-	40	-	40	0%
	-	<b>40</b>	-	<b>40</b>	<b>0%</b>
<b>Cash and Cash equivalents</b>					
All	-	-	23,413	23,413	5%
	-	-	<b>23,413</b>	<b>23,413</b>	<b>5%</b>
<b>Totals</b>	<b>45,618</b>	<b>402,685</b>	<b>23,413</b>	<b>471,716</b>	<b>100%</b>

### Fair Value of Assets for the year ended 31 March 2024

Asset Category	Quoted £'000	Unquoted £'000	Undetermined £'000	Total £'000	%
<b>Equity Securities:</b>					
Common Stock	60,049	-	-	60,049	13%
Preferred Stock	-	-	-	-	0%
Rights/Warrants	-	-	-	-	0%
Other Equity Assets	264	-	-	264	0%
	<b>60,313</b>	-	-	<b>60,313</b>	<b>13%</b>
<b>Debt Securities:</b>					
UK Government Bonds	-	-	-	-	0%
Corporate Bonds	-	-	-	-	0%
Other	-	-	-	-	0%
	-	-	-	-	<b>0%</b>
<b>Pooled Investment Vehicles:</b>					
Equities	-	135,494	-	135,494	29%
Bonds	-	170,523	-	170,523	37%
Funds - Common Stock	-	-	-	-	0%
Funds - Real Estate	-	4,215	-	4,215	1%
Funds - Venture Capital	-	68	-	68	0%
	-	<b>310,300</b>	-	<b>310,300</b>	<b>67%</b>
<b>Venture Capital and Partnerships:</b>					
Partnerships & Real Estate	-	73,782	-	73,782	16%
	-	<b>73,782</b>	-	<b>73,782</b>	<b>16%</b>
<b>Other Investment:</b>					
Stapled Securities	-	-	-	-	0%
	-	-	-	-	<b>0%</b>
<b>Derivative Contracts:</b>					
Equity Derivatives - Futures	-	-	-	-	0%
Forward FX Contracts	-	(316)	-	(316)	0%
	-	<b>(316)</b>	-	<b>(316)</b>	<b>0%</b>
<b>Cash and Cash equivalents</b>					
All	-	-	21,015	21,015	5%
	-	-	<b>21,015</b>	<b>21,015</b>	<b>5%</b>
<b>Totals</b>	<b>60,313</b>	<b>383,766</b>	<b>21,015</b>	<b>465,094</b>	<b>100%</b>

## 16.2.5 Change in fair value of plan assets, defined benefit obligation and net liability

Year ended 31 March 2025	Assets	Obligations	Net (liability)/ asset
	£'000	£'000	£'000
Fair value of employer assets	465,095	-	465,095
Present value of funded liabilities	-	351,916	(351,916)
Present value of unfunded liabilities	-	-	-
Asset ceiling applied	(113,179)	-	(113,179)
<b>Opening Position as at 31 March 2024</b>	<b>351,916</b>	<b>351,916</b>	<b>-</b>
Service cost			
- Current service cost*	-	6,167	(6,167)
- Past service cost (including curtailments)	-	-	-
- Effect of settlements	-	-	-
<b>Total service cost</b>	<b>-</b>	<b>6,167</b>	<b>(6,167)</b>
Net interest			
- Interest income on plan assets	22,294	-	22,294
- Interest cost on defined benefit obligation	-	16,956	(16,956)
- Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>22,294</b>	<b>16,956</b>	<b>5,338</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>22,294</b>	<b>23,123</b>	<b>(829)</b>
Cashflows			
- Plan participants' contributions	2,262	2,262	-
- Employer contributions	6,899	-	6,899
- Contributions in respect of unfunded benefits	-	-	-
- Benefits paid	(12,605)	(12,605)	-
- Unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>370,766</b>	<b>364,696</b>	<b>6,070</b>
Remeasurements			
- Change in financial assumptions	-	(59,824)	59,824
- Change in demographic assumptions	-	(604)	604
- Other experience	-	(2,508)	2,508
- Return on assets excluding amounts included in net interest	(12,229)	-	(12,229)
- Changes in asset ceiling	(56,777)	-	(56,777)
<b>Total remeasurements recognised in Other</b>	<b>(69,006)</b>	<b>(62,936)</b>	<b>(6,070)</b>
<b>Comprehensive Income (OCI)</b>			
Exchange differences	-	-	-
Fair value of employer assets	301,760	-	301,760
Present value of funded liabilities	-	301,760	(301,760)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 March 2025</b>	<b>301,760</b>	<b>301,760</b>	<b>-</b>

\* The current service cost includes an allowance for administration expenses of 0.6% of payroll.

It is estimated that the present value of funded liabilities comprises of approximately £146,152,000, £42,419,000 and £113,189,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2025. The employer's fair value of plan assets is approximately 10% of the Fund's total.

## 16.2.5 Change in fair value of plan assets, defined benefit obligation and net liability (Continued)

Year ended 31 March 2024

	Assets (Restated)	Obligations	Net (liability)/ asset (Restated)
	£'000	£'000	£'000
Fair value of employer assets	433,293	-	433,293
Present value of funded liabilities	-	352,444	(352,444)
Present value of unfunded liabilities	-	-	-
Asset ceiling applied	(80,849)	-	(80,849)
<b>Opening Position as at 31 March 2023</b>	<b>352,444</b>	<b>352,444</b>	<b>-</b>
Service cost			
- Current service cost*	-	6,988	(6,988)
- Past service cost (including curtailments)	-	-	-
- Effect of settlements	-	-	-
<b>Total service cost</b>	<b>-</b>	<b>6,988</b>	<b>(6,988)</b>
Net interest			
- Interest income on plan assets	20,374	-	20,374
- Interest cost on defined benefit obligation	-	16,697	(16,697)
- Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>20,374</b>	<b>16,697</b>	<b>3,677</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>20,374</b>	<b>23,685</b>	<b>(3,311)</b>
Cashflows			
- Plan participants' contributions	2,281	2,281	-
- Employer contributions	6,899	-	6,899
- Contributions in respect of unfunded benefits	-	-	-
- Benefits paid	(11,138)	(11,138)	-
- Unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>370,860</b>	<b>367,272</b>	<b>3,588</b>
Remeasurements			
- Change in financial assumptions	-	(22,925)	22,925
- Change in demographic assumptions	-	(2,307)	2,307
- Other experience	-	9,876	(9,876)
- Return on assets excluding amounts included in net interest	13,386	-	13,386
- Changes in asset ceiling	(32,330)	-	(32,330)
<b>Total remeasurements recognised in Other</b>	<b>(18,944)</b>	<b>(15,356)</b>	<b>(3,588)</b>
<b>Comprehensive Income (OCI)</b>			
Exchange differences	-	-	-
Fair value of employer assets	351,916	-	351,916
Present value of funded liabilities	-	351,916	(351,916)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 March 2024</b>	<b>351,916</b>	<b>351,916</b>	<b>-</b>

\* The current service cost includes an allowance for administration expenses of 0.6% of payroll.

## 17. Capital commitments

Where NRW has contractual capital commitments which are not provided for in the financial statements, they are disclosed in the table below. Commitments relating to Capital Works Expensed in Year is shown in note 4.

	31 March 2025	31 March 2024 (Restated)
	£'000	£'000
<b>Property, plant and equipment</b>		
Plant and machinery	170	680
Transport equipment	-	32
Operational structures	1,579	131
Public structures	34	175
Information technology - hardware	210	283
<b>Total</b>	<b>1,993</b>	<b>1,301</b>
<b>Intangible assets</b>		
Information technology - software licences	8	166
Information technology - software development	1,164	1,155
<b>Total</b>	<b>1,172</b>	<b>1,321</b>
<b>Total</b>	<b>3,165</b>	<b>2,622</b>

31 March 2024 commitment disclosure restated in line with disclosure in note 18.

## 18. Other financial commitments

In addition to the committed expenditure reported in Note 4 (Capital Works Expensed in year) and Note 17 (Capital commitments), NRW is committed to the following expenditure at 31 March 2025. These costs include non-cancellable contracts such as service level and land management agreements, as well as open purchase orders for ongoing business:

	31 March 2025	31 March 2024 (Restated)
	£'000	£'000
Not later than one year	11,349	16,503
Later than one year and not later than five years	7,924	3,490
Later than five years	104	110
<b>Total</b>	<b>19,377</b>	<b>20,103</b>

March 2024 values have been restated to reflect updated assumptions in relation to open purchase orders, which are not indicative of a non-cancellable contract or commitment.

## 19. Contingent liabilities

NRW discloses contingent liabilities in accordance with IAS 37 when a possible obligation exists depending on whether some uncertain future event occurs, or a present obligation exists but payment is not probable, or the amount cannot be measured reliably.

NRW has the following contingent liabilities:

	31 March 2025	31 March 2024
	£'000	£'000
Timber sales claims	60	60
Flood and storm damage claims	799	802
Public and employee liability	31	46
HMRC suspended penalty	2,951	-
<b>Total</b>	<u><u>3,841</u></u>	<u><u>908</u></u>

### Timber sales claims

NRW has received claims from a timber firm in respect of their contract with NRW. The amount disclosed in the table above relates to one claim.

### Flood and storm damage claims

There are 12 open cases relating to damage to properties following failure of storm drains and culverts as a result of Storms Ciara, Dennis and Arwen.

### Public and employee liability

The value of 8 public liability claims is included in the table above. These claims are for other damage to property and injury to livestock

### HM Revenue and Customs (HMRC) Review

HMRC have concluded their review of NRW's tax treatment of contractors in relation to IR35 regulations. The resulting additional tax liabilities are recognised within the financial statements and more information is included within the parliamentary report. In addition, a contingent liability is disclosed in relation to penalties applicable to this review. HMRC have confirmed that whilst penalties have been levied, they are suspended for a period of 12 months and will only become payable if NRW fail to meet the conditions of the suspension. In response to HMRC's review, NRW has reviewed its processes for engaging with contractors to ensure ongoing compliance with IR35.

### Unquantified contingent liabilities

In accordance with IAS 37, NRW discloses the following unquantifiable contingent liabilities. The above table does not include values for the following contingent liabilities:

### Flood and storm damage claims

47 claims have been received where the values are yet to be quantified. Within this there is one potentially significant claim due to damage of flood wall. NRW is in the process of negotiating settlement, but at the year end this amount remains unquantified.

### Other damages claims

There are 6 other unquantified claims in relation to property damage and 1 other unquantified damages claim.

### Financial loss claims

There is an ongoing claim at the year end in relation to potential loss of income due a variation imposed to the abstraction licence to protect the River Teifi Special Area of Conservation. This claim will be covered to the extent of £660k by NRW's Environmental Improvement Unit Charge (EIUC) scheme. At the year ended 31 March 2025, the potential liability is unquantified due to ongoing negotiations.

### **Personal Injury**

There are 8 open and unquantified cases in relation to slip, trips and falls, and animal and vehicle related incidents. Following the year end, there have been 2 further potential liabilities identified in relation to historical incidents. At this point in time, NRW is not able to assess the potential quantum of these claims with any level of certainty.

### **Japanese Knotweed**

There are 9 claims for damage caused by Japanese Knotweed awaiting expert opinion about the potential costs of damage and repair.

### **Emerging case law relating to pension schemes**

In June 2023, the High Court handed down a decision (*Virgin Media Limited v NTL Pension Trustees II Limited and others*) which potentially has implications for the validity of amendments made by pension schemes, including the LGPS, which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The ruling related to the requirement on the Trustees to obtain the Scheme's actuary confirmation that a Scheme continued to provide a minimum level of benefits (known as a 'reference scheme test') following certain types of rule amendments. Without this confirmation (sometimes referred to as a section 37 confirmation, by reference to section 37 of the Pension Schemes Act 1993, which sets out that scheme rules can only be altered as prescribed in the relevant regulations), the amendment may be void and ineffective. The Court of Appeal upheld the original decision.

In June 2025 the Department for Work and Pensions published the Government's intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards, resulting in the removal of risk of additional scheme obligations. Although the Government's intention has been published, until legislation is enacted, there remains a degree of uncertainty regarding scheme obligations, and a contingent liability disclosure is appropriate. In addition to the uncertainty of a potential liability, any value of a possible obligation cannot be measured with sufficient reliability.

## **20. Events after the end of the reporting period**

There are no events to be reported after the end of the reporting period.

## **21. Date of authorisation for issue**

These Financial Statements are laid before the Senedd by the Minister for Climate Change, Huw Irranca-Davies MS. IAS 10 requires the accounting officer to disclose the date on which the financial statements are authorised for issue. The authorised for issue date is the date of the Auditor General's audit report.

## 22. Related parties

NRW is a Sponsored Body of Welsh Government, which is regarded as a related party. During the year, NRW has had significant material transactions with Welsh Government (the grant-in-aid; reported in the Statement of Taxpayers Equity and other grants received from Welsh Government during the year; reported in Statement of Net Expenditure). NRW has also had transactions with other entities for which Welsh Government is regarded as the parent organisation as well as transactions with other public sector organisations. Most of these transactions have been with Environment Agency and HMRC.

During the year, NRW, in the normal course of its business, entered into the following transactions with the following organisations in which Board and Executive Members or other related parties had an interest. The Board and Executive Members have no direct involvement in the transactions with these related parties. We have shown transactions for the full year including where members have joined or left during the year.

Organisation	Member	Nature of relationship	Total expenditure	Total income	Amount owed by NRW at 31 March 2025	Amount owed to NRW at 31 March 2025
			£'000	£'000	£'000	£'000
Aberystwyth University	Rhys Jones	Professor	8	5	1	0
	Spouse of Rhys Jones	Employee				
Cardiff University	Steve Ormerod	Professor	83	16	0	1
	Calvin Jones	Professor				
Cardiff University Water Research Institute	Steve Ormerod and spouse	Co-Directors				
Cardiff University Llyn Brianne Observatory	Steve Ormerod and spouse	Principal Investigators				
Cartrefi Conwy	Helen Pittaway	Non Executive Director	0	1	0	1
Cwm Taf Morgannwg University Health Board	Kathleen Palmer	Vice Chair	0	6	0	9

Organisation	Member	Nature of relationship	Total expenditure £'000	Total income £'000	Amount owed by NRW at 31 March 2025 £'000	Amount owed to NRW at 31 March 2025 £'000
Farming and Wildlife Advisory Group (FWAG) Cymru	Geraint Davies	Chair	0	3	0	0
Joint Nature Conservation Committee	Rhys Jones Steve Ormerod	Committee Members	11	0	0	0
Pembrokeshire Coast National Park Authority	Rosie Plummer	Board Member	237	1	20	0
Plantlife International	Rosie Plummer	Trustee	130	58	29	33
Royal Society for the Protection of Birds	Steve Ormerod	Vice President	681	52	381	50
Welsh Government	Calvin Jones	Employee (on secondment)	12,434	185,125	12,300	17,768

During the year Natural Resources Wales, in the normal course of its business, entered into the following direct transaction with the following Board member:

Member	Nature of transactions	Total payments £'000	Total income £'000	Amount owed by NRW at 31-Mar-25 £'000	Amount owed to NRW at 31-Mar-25 £'000
Geraint Davies	Section 16 agreements under the Environment (Wales) Act 2016	3	0	0	0

## Annex: Final position on commitments and key deliverables for 2024/25

More detail on the final position of all Business Plan commitments and key deliverables is included on the following pages.

We have:

- Repeated the final detail we have reported for each commitment, as it was reported in Board papers ([published for the open public session of the July 2025 Board meeting](#))
- Noted the pages in this annual report and accounts where these detailed commitment positions are referred to

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

- Green (Achieved);
- Amber (Partially achieved);
- Red (Missed).

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

- ★ (Achieved);
- ◆ (Partially achieved);
- ■ (Missed).

Final reported position	Page(s)
<p><b>Commitment 1: “Evaluate the NRW Nature Networks Programme to inform future investment for protected sites”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased understanding of the effectiveness and efficiency of activity delivered across the NRW Nature Networks programme through evaluation of 70% of current and previous activity by end of Q2 to establish the baseline”: The evaluation has continued but it has not been possible to complete it. Our analysis has shown that the NRW Nature Networks programme has delivered conservation activities on at least 223 SSSI across Wales. In 2024-25, we delivered conservation activities on at least 207 separate SSSI. We have paused evaluation on the programme other than for work delivered on SSSIs through Land Management Agreements (and Marine NN projects - reported elsewhere). WG intend to complete their evaluation of the wider Nature Networks Programme (NRW &amp; NLHF) in 2025-26; the scope and timeline for that is to be confirmed and we will therefore define our own internal process whilst continuing to work with WG on the wider programme evaluation. ■</li> <li>For KD2 “Increased effectiveness of future NRW Nature Network’s activity through identification of priorities and development of approaches to delivery by end of Q3 (informed by outcomes of deliverable 1)”: We have discussed priorities with WG prior to scoping the full programme evaluation and shared the evaluation work NRW has undertaken to date and its methodology. Having paused the NRW evaluation in 2024-25 to align with the WG wider programmes evaluation (now planned for 2025-26), we were not able to reach the prioritisation step in this deliverable. ■</li> </ul> <p>The pathway to green is to scope NRW’s own evaluation process by Q2 with a schedule to Q4, and to address delivery capacity gaps by Q3 through investment for delivering evaluation activity including Nature Networks data / GIS capability</p>	18, 19
<p><b>Commitment 2: “Synthesise evidence to identify priorities for notification and renotification of sites contributing to the 30:30 target”</b></p> <p>This commitment is <b>Red</b> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased the understanding of the extent and connectivity of the current SSSI network through completing an assessment of all sites by end of Q3”: We have now completed the first draft of the SSSI Review Report, shared for comment and review by the Task and Finish Group, whom we met with to discuss adaptations and additions that need to be made. Our next step is to refine the report before sharing with Biodiversity Deep Dive Core Group partners. Alongside, wider sharing a contextual communications piece will be drafted. The ongoing impact of the case for change with limited additional staff capacity available in Q4 meant we were not able to progress to the report being complete at year end, although good progress towards completion has been achieved. ■</li> </ul>	18, 19

Final reported position	Page(s)
<ul style="list-style-type: none"> <li>For KD2 “Increased advice to accelerate notifications and re-notifications through the publication of the SSSI Notification Handbook” and KD3 “Increased the effectiveness of the allocation of investment for delivering an enhanced notification programme through the delivery of a costed programme based on evidence from KD1 and KD2”: These key deliverables were paused owing to the impact on staff vacancies and availability as described in the Q3 report. We intend to restart these deliverables and complete in the next plan year. ■ ■</li> </ul> <p>The pathway to green is to conclude KD1 by Q2 2025-26 to inform prioritisation of SSSI notifications to ensure a range of habitats and species are adequately represented for spatially targeting nature recovery action contributing to a resilient ecological network.</p>	
<p><b>Commitment 3: “Develop an understanding of the intervention impact of 11 of the place-based Natur am Byth partnership programme projects to refine conservation delivery”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased understanding of the effectiveness of the 11 Natur am Byth place-based projects through testing the impact measurement framework and refining the product”: Our main area of progress has been an increase in the return of monitoring and evaluation data from each NGO partner within the partnership. This demonstrates the investment of training and support from the NRW hosted programme team and our specialist evaluation consultants. ★</li> <li>For KD2 “Increased the skills of all relevant programme staff through the delivery of Species Recovery Assessment training (to prepare for full scale review of species recovery targets in 2025-26) (completed by Q2)”: This key deliverable was completed on target in Quarter 2. To maximise this work, NRW hosted a UK wide workshop in Q4 to explore use of the Species Recovery Curve methods across GB and Northern Ireland and address country and organisational divergence in approach. The event was well received, and a positive opportunity to platform work in Wales to partner nature conservation agencies, devolved governments, JNCC and NGOs. It highlighted the need for project level officers to receive more training to increase efficiency in undertaking project level species recovery assessment and increase confidence. ★</li> <li>For KD3 ★ “Increased understanding of the 67 Natur am Byth target species through the completion of the review of all ecological monitoring plans”: Completed in previous quarters. ★</li> </ul> <p>We will continue to implement programme management principles to manage risks and issues within the Natur am Byth programme. The programme board and partnership steering group will continue to execute their responsibility of supporting project staff and contractors to</p>	18

Final reported position	Page(s)
<p>deliver conservation action. The impact measurement framework will continue to be used to monitor activity and ensure that place-based project outcomes are realised, contributing to the Wales wide outcomes upon which our external funding relies.</p>	
<p><b>Commitment 4: “Consolidate understanding of the condition of features of Welsh only marine SACs and SPAs to inform prioritisation”</b></p> <p>This commitment is <span style="border: 1px solid green; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased advice to support improvement of the management of marine SACs and SPAs through updating 12 out of 19 conservation advice packages”: All 12 conservation advice packages have been completed and endorsed by the project task and finish group they have been sent for final sign off. There will be some editing and proof reading of the advice packages to be carried out as well as accessibility checks, we are confident that all 12 new conservation advice packages will be published on our website in June. Underpinning these, we have completed all the condition assessments and they are with the project task and finish group for sign off. These will also need editing and accessibility checks, we are confident we will publish all reports on our website in June. ★</li> <li>For KD2 “Increased understanding into declines in specific species and habitats through undertaking investigations under the Marine Nature Networks programme, setting out findings and recommendations in a series of reports”: All contractor spend paid on time. Report writing phase longer than expected. Should be complete by late spring 2025. Resources for this three year project has reduced over time requiring an increase in timescale to complete. ◆</li> </ul> <p>Investigation reports to be completed by end of spring 2025. Improving Marine Conservation Advice (IMCA) reports to be published in June 2025 as agreed.</p>	18
<p><b>Commitment 5: “Integrate nature recovery evidence into the proposed new National Park process and management of existing AONBs and National Parks to improve decision making for nature”</b></p> <p>This commitment is <span style="border: 1px solid green; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased our advice on nature recovery action through the designation of a new National Park via the public consultation on the proposed boundary and final designation recommendations”: Our main area of progress has been completion of an analysis report for the public consultation held in Q3, commencement and progression of multiple work streams including Health impact assessment, Welsh Language impact assessment, Equalities impact assessment and a Benefits for Nature Report.</li> </ul>	7, 18, 19

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<p>In addition, we have continued key stakeholder management activity, including meeting all 5 Local authorities affected. We have also commissioned Arup for two reports, the first to review planning in the context of a National Park, the second to assess economic impacts of designation. ★</p> <ul style="list-style-type: none"> <li>For KD2 “Increased the amount of advice on opportunities to integrate actions to address the nature and climate emergency into management plans of National Parks and AONBs through a refresh of the Designated Landscapes Management Plan Guidance.”: Our main area of progress has been discussion with, and support for, Eryri and Pembrokeshire Coast National Parks and the Llyn and Gower National Landscapes on applying our Designated Landscapes Management Plan Guidance to their management plan guidance. To help inform discussion, a short summary note has been prepared and is being revised to reflect on the conversation with staff from each of the Designated Landscapes. ★</li> <li>For KD3 “Increased knowledge of the effectiveness of prioritised action through supporting delivery of the initial recommendations of the 30:30 Designated Landscapes Expert Group for Wales”: Our main area of progress has been to work to clarify the relationship between Designated Landscapes, as Category V Protected Areas under the IUCN (International Union for Conservation of Nature) classification system, and OECMS’s (Other Effective area-based Conservation Measures), defined by the CBD (Convention on Biological Diversity) as a geographically defined area other than a Protected Area. On this basis National Parks and National Landscapes cannot be considered as OECMS. This will inform the emerging WG 30by30 framework. ★</li> </ul> <p>Through Tirweddau Cymru and the new Nature Recovery 30by30 Programme Manager, the focus will now be collaborative working between designated landscapes, NRW and WG to develop a mechanism to identify and map which areas in Landscapes can contribute and deliver on 30by30 linked to the Management Planning process and updated NRW Management Plan Guidance.</p>	
<p><b>Commitment 6: “Provide evidence and expertise to inform the development of the Welsh Government Sustainable Farming Scheme and identify with Welsh Government what support services may be required”</b></p> <p>This commitment is <span style="border: 1px solid green; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased clarity on the delivery of the SFS Universal Actions against NRW’s three well-being objectives, in collaboration with Welsh Government, by end of Q2”: NRW has kept pace with the various refinements happening across the universal actions and has helped shaped these so as to minimise regulatory risks. We have completed work to minimise the impact on licencing and consenting through changes in universal actions and helped provide a steer towards optional actions and longer term evolution of the scheme. We have provided advice on the development of the SFS Universal code, and supported Welsh Government in engagement with Stakeholders and Officials Groups ★</li> </ul>	18, 19

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<ul style="list-style-type: none"> <li>For KD2 “Increased knowledge and understanding of the requirements within the Universal Actions through completion of a pilot of Management Plans for SSSI by Q4”: All site visits have been completed in the quarter, and we have collected enough baseline information to inform the WG SFS business case. Mock management plans are now being sent to Environment officers to help evaluate the process. A final report is in preparation and expected to be finished in April, which will inform next steps. ★</li> <li>For KD3 “Increased understanding into declines in specific species and habitats through undertaking investigations under the Marine Nature Networks programme, setting out findings and recommendations in a series of reports”: We have scoped out support service requirements as far as we can, given the position of the scheme. Transitional funding arrangements for Operational Readiness are being negotiated. Cost assumptions on service delivery have now been submitted to Welsh Government to inform their SFS Business Case. ★</li> </ul> <p>There are still many moving parts but we have a good understanding of the expectations on service delivery.</p>	
<p><b>Commitment 7: “Implementing No Mow May, piloting new approaches to working with nature on the land and assets that we manage, identifying prioritised recommendations”</b></p> <p>This commitment is <span style="border: 1px solid green; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Decreased the amount of mowing on NRW flood risk management assets through, (a) 70% of assets not mown during No Mow May, (b) identification of alternative approaches to reduce mowing and work with nature, initiating pilots at key flood risk management assets (number to be determined).”: Our mowing regime during May was reduced by more than 70% and guidance is now in place to risk assess future mowing in May so as mowing only takes place by exception, for example where required to maintain statutory compliance at our reservoir sites. ★</li> </ul> <p>A project to look at pilot sites to transition to mowing regimes which support species rich habitats has been accepted into the FRM Improvements Programme.</p>	18
<p><b>Commitment 26: “Develop an understanding of user needs, experience, and opportunities for common messaging and mainstreaming evidence into decision-making to inform the Interim Report for SoNaRR 2025”</b></p> <p>This commitment is <span style="border: 1px solid green; padding: 2px;">Green</span> at the end of March.</p>	7, 18

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<ul style="list-style-type: none"> <li>For KD1 “Increased the knowledge amongst sector bodies and wider stakeholders of how to optimise collective action on nature, climate and pollution by publishing the Interim Report for SoNaRR 2025 (by end of Q4)”: No further progress in Q4. Deliverable completed in Q3 by publishing the SoNaRR Interim Report ★</li> <li>For KD2 “Increased our knowledge of user interaction with the Interim Report for SoNaRR 2025 by establishing an online monitoring tool and undertaking analysis”: Our main area of progress has been publicising the Interim Report with the Chair’s blog and press release on 13th January. There were a total of 747 views of the Interim Report web page between 19th December and 31st March. 455 of these were in January following the press release. The Interim report was downloaded 95 times between publication and 31st March 2025, the 7th most popular download from our website during Q4. In total, from April 2024 to March 2025 there were 3522 views of SoNaRR main web pages, including previous reports. There was increased interest following the publication of the 2024 Interim Report. National and Regional Organisations and news sites published articles about the Interim report, including Water magazine, Pembrokeshire Coastal Forum, Office for Future Generations Commissioner for Wales, South Wales Argus and NationCymru ★</li> <li>For KD3 “Increased our understanding of user needs and support requirements for SoNaRR 2025 by undertaking interviews with 10 public sector bodies and wider stakeholders”: Our main area of progress over the year, we have engaged with stakeholders in key public bodies to understand how SoNaRR can support OneHealth Agenda (PHW, Food Standards Agency, NHS Wales); National Statistics (ONS); Support well-being and reporting cycles of the Future Generations Commissioners Office; and mainstream nature into economic planning with the Welsh Treasury. We had conversations with the business community via the UK Business and Biodiversity Forum and strengthened the relevance of SoNaRR for Green Finance with Welsh Government colleagues. We initiated the CASRI (Collaborative Action coordinating and enhancing systemic, actionable and transversal Sustainability Research and Innovation) project with grant support from the EU to better shape evidence needs with respect to sustainable management of natural resources and SoNaRR. ★</li> </ul>	
<p><b>Commitment 8: “Invest in capacity building to enable delivery in 2024-25 and future expansion of the National Peatland Action Programme”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increase the area of damaged peatland undergoing restoration activity across Wales by 15%, rising from a previous annual target of 600 hectares to roughly 700 hectares in 2024/25.”: Restoration efforts have been underway across Wales on land managed by NRW, as well as land managed by our trusted partners and private landowners. We have made good progress on our top priority sites for the land in our care particularly at Cefn Croes and Hafod Elwy. Additionally, we have supported direct</li> </ul>	7, 20, 21

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<p>delivery projects with land owners and managers across Wales through various funding mechanisms, including Section 16 Land Management Agreements, Strategic Allocated Funding, and Competitive Development and Direct Delivery Grants. The deadline for spending on these projects was the end of the financial year. During 2024–25, working with our partners we successfully delivered over 700 hectares of peatland restoration activity. This included essential preparatory activity such as scrub removal, rewetting to restore water levels and addressing erosion issues. Notably, 240 hectares of this restoration activity took place on the land in our care. ♦</p> <ul style="list-style-type: none"> <li>• For KD2 “Increased the effectiveness of our input into the land use planning system, to reduce the negative effect of development on peatland through the production of an NRW policy position on Planning Policy Wales Edition 12 (to effect change in 2025-26)”: NRW policy position agreed and reactive advice provided to Development Planning Advisory Service (DPAS) including representation at Planning and Environment Decisions Wales (PEDW inquiries) when resources allowed. Application and interpretation of policy in planning requires clarification before NRW Guidance Note and Operational Guidance Notes can be produced. ■</li> <li>• For KD3 “Increased the development of shovel ready peatland restoration projects by increasing the funding available through our competitive development grant by 100%”: In December 2024, NPAP launched its new annual Competitive Grant for the next three years, making up to £700,000 available per year, more than doubling the amount previously available. We led a webinar for potential applicants in February with a deadline of 18th March to receive applications. We have received fifteen applications to the value of £620,000. It’s positive to see more private landowners engaging in the process. The applications are now being assessed and the successful applicants will be informed in the coming weeks. All successful projects will be shared on NRW’s website. Offering this open competitive Peatland Restoration Grant is one way NPAP is supporting partners across Wales to achieve increasingly ambitious peatland restoration goals for the benefit of future generations. ★</li> </ul> <p>The pathway to green includes: (1) now that we have peatland planning casework officers appointed, complete guidance in 2025- 26 and scale up planning casework advice (2) continue to roll out direct and grant aided peatland recovery projects.</p>	
<p><b>Commitment 9: “Strengthen capacity and evidence informing spatial prioritisation to enable effective future restoration within marine and coastal habitats”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p> <ul style="list-style-type: none"> <li>• For KD1 “Increased the amount of advice to external partners by consulting on and publishing guidance on marine and coastal restoration projects (by end of Q1)”: The guidance is now fully drafted and we are ready to proceed with a wider consultation with external partners which will be ongoing in Q1. A meeting is being arranged with Seagrass Network Cymru to begin this process.</li> </ul>	20

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<p>We will update the guidance based on feedback received with an aim to publish by end of Q2. We have not been able to finalise and publish the guidance within this financial year due to reduced staff capacity, however substantial progress has been made and guidance will be finalised/ published later in 2025. ■</p> <ul style="list-style-type: none"> <li>For KD2 “Increased the evidence base to support decision making on restoration project locations by refining opportunity maps for seagrass and native oyster (by end Q4)”: We have made some progress with updating and refining the opportunity maps for seagrass and native oyster. The maps are currently being reviewed and will be published later this year. We have not yet been able to progress the more detailed opportunity mapping that we have agreed to take forward with, and resourced by, The Crown Estate. The intention is that this work will refine the current opportunity maps by identifying those areas that are less suitable for restoration (for example where there are practical or physical constraints). However, a specification for the work has been developed and will be released for tender via The Crown Estate contract framework in April 2025. We anticipate this work will be complete by end Q4 of next year. ◆</li> </ul> <p>The pathway to green for this commitment is to continue progressing this work during 2025-26 until complete, recognising that a substantial amount of work has already taken place to achieve the deliverables. Work has been redistributed from lost resources so this task will require more time for completion.</p>	
<p><b>Commitment 10: “Deliver capital projects and sustain levels of protection for properties to reduce flood risk”</b></p> <p>This commitment is <span style="border: 1px solid green; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Decreased the flood risk to 814 properties in Newport, through the completion of the work on the Stephenson Street Flood Alleviation Scheme.”: Works to reduce the flood risk in this community have been substantially completed and the deliverable has been met. The construction of new embankments, flood walls and associated infrastructure are now reducing the risk of flooding in this area. The Deputy First Minister visited the site in March whilst making an announcement about flood risk funding for 2025-26. Completion works including landscaping will continue into 2025-26. ★</li> <li>For KD2 “Sustained flood protection to 800 properties through non-routine capital maintenance of existing assets/defences”: Maintenance works delivered through our FRM Capital Programme have ensured that flood assets continue to sustain levels of protection in locations including: Porth, Llandovery, Peterstone, Llangennech, West Pill, Windmill, Machen, Worthenbury, Fynnon y Ddol, Ferryside, Bretton Drain, Ponthir, Wepre Brook, Pendine, and Newport. These works have benefitted 836 properties in total. ★</li> </ul> <p>This commitment has been achieved.</p>	7, 20

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<p><b>Commitment 11: “Improve the Flood Warning Service and Telemetry System to deliver efficiencies and maintain continuity of service to customers”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Sustained the operational flood warning service offered to 139,000 properties through the delivery of the new flood warning system (by end of Q2) (withdrawing from the Environment Agency managed service)”: The new Flood Warning Information Services for Wales (FWISfW) was implemented to schedule in July 2024 (Q2) and is in successful operational use. There are issues on some aspects relating to firmly establishing resilient ongoing support for its maintenance, and on some planned improvements that were scheduled post initial launch. We are working on these issues and have pathways to implementation, but it requires some concerted shifts and actions to happen for these issues to be fully addressed to manage the status to Green. Hence the status is Amber. ♦</li> <li>For KD2 “Sustained delivery to all customers of telemetry data through migrating to the new data portal (by end of Q3)”: The overall progress on the Telemetry replacement project is good on 3 of the 4 workstreams. There is however an ongoing fundamental issue with the workstream on the main system build: the new system has not yet passed User Acceptance Testing as it has a number of bugs in it. We are in discussions with the supplier as to them fixing these bugs, and it is taking longer than anticipated. There is confidence that the underlying system is good, but there bugs need fixing. It has been escalated with the supplier to drive to a solution. Delays mean the project duration is being extended. The impacts of this are manageable from a service perspective, but it does mean extra cost. As the issues are not yet resolved, the status is Amber ♦</li> </ul>	20, 21
<p><b>Commitment 12: “Review the prioritisation approach for flood asset maintenance and management to ensure our investment is risk based”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased the effectiveness and efficiency of the allocation of routine flood maintenance revenue through the implementation of the new Risk-Based Revenue Allocation Model (RBRAM)”: The new RBRAM model continues to be embedded with good success. 51,764 hours of maintenance effort have been recorded against 20,587 completed actions. Data collected is improving the accuracy of plans for future years. 7,103 properties have benefitted from 100% of the maintenance needs being</li> </ul>	20

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<p>undertaken on assets they benefit from, 79,633 properties have benefitted from at least 60% of the maintenance work being delivered. 2,803 properties sit behind flood defences where none of the maintenance needs have been delivered. ★</p> <ul style="list-style-type: none"> <li>For KD2 “Increased the effectiveness and efficiency of the allocation of flood asset investment through the delivery of the Assets Facing Change (AFC) Project”: Resource challenges (staff sickness absence; need for prioritisation on response/recovery on Flood Events and Flood Review work; focussing on KD1 as a higher priority) have delayed this project's initiation, therefore delivery of this work has been unable to progress this year. We have not commenced the analysis work as previously planned for due to resource challenges and unexpected staff absence. ■</li> </ul> <p>We have made great progress in embedding the new RBRAM process into our maintenance programme. This this is the bigger of the two deliverables under this Commitment and substantially delivers against the overall commitment to improve the prioritisation of our asset maintenance work. We have unfortunately been unable to progress the Assets Facing Change work however due to resource issues. We will now plan to start this strategic piece of work, whose development will span several financial years, during the next Financial Year. Overall, Amber rating is justified because of the good progress with RBRAM.</p>	
<p><b>Commitment 13: “Develop understanding, using insight to enhance pre-application processes related to statutory planning and permitting applications to facilitate industrial decarbonisation and reduction of landfill greenhouse gas emissions”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased understanding of the constraints to decarbonisation through engagement with all the highest carbon industries in Wales to inform advice and action”: We’ve made strong progress this year, using pre-application insight and collaborative working to proactively support complex industrial decarbonisation proposals. Notably, we are ahead of schedule in our determination of Wales’s first carbon capture permit for Padeswood Cement, reflecting early and effective engagement. The team has also supported pre-application discussions across multiple projects including HyNet, Pembroke Power Station, and hydrogen production developments. While the regulatory and policy landscape continues to evolve rapidly, we’ve positioned ourselves well by staying closely connected with emerging technologies, strengthening internal expertise, and refining our advice to developers early in the process. ★</li> <li>For KD2 “Reduced the proportion of low carbon and carbon capture applications being rejected, through providing specialist pre-application advice to at least 10 projects (anticipating 6 submissions in 2024-25).”: We’ve delivered specialist pre-application advice to 10 industrial decarbonisation and carbon capture projects this year, helping to shape high-quality submissions and reduce the risk of rejection. The input into the following projects: Padeswood Amber Cement, Parc Adfer, Connahs Quay, Protium Magor project, RWE Green Hydrogen, Dragon LNG, Protium Baglan 2, ENI CO<sub>2</sub> pipe, Hyline H pipe, Impala H production. ★</li> </ul>	20, 21

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<ul style="list-style-type: none"> <li>For KD3 “Decreased the amount of landfill gas released directly from landfill through delivery of the key priorities of the Landfill Emissions Reduction Project (LERP)”: The LERP project has improved the annual reporting of Landfill Gas destruction through a programme of data improvement with the operators. This has led to a significant improvement in the quality of data used in the calculation of the National Air Emissions Inventory, with an increase in over 11 Million M<sup>3</sup> of landfill gas reported as being flared which was previously assumed to be vented directly to atmosphere. ★</li> </ul> <p>The programme of detailed site audits at landfill sites has resulted in significant improvements in operations on site, leading to a reduction in the amount of LF gas which is vented directly to atmosphere, which both reduces the climate impact, and has resulted in a significant reduction in odour complaints. One site has reported an increase in capture of LF gas of over 3 million M<sup>3</sup>, a 46% improvement on the previous year. Work will continue with these sites to improve operations as much as possible. The project is also looking at assessing the future risks associated with infrastructure on sites, with particular emphasis on flares and engines to ensure the sites are able to minimise emissions over the coming years. Although we have reached Green, the wider permitting and policy landscape is shifting quickly, and ongoing effort will be needed to maintain this position. The pathway to green has relied heavily on prioritisation, targeted engagement, and strong collaboration across teams —elements we will need to sustain as demand increases and projects move from concept to submission. Filling the longstanding vacancies in Installations Permitting is crucial - although it will take a while for officers to be fully competent also.</p>	
<p><b>Commitment 14: “Enhance evidence, guidance and pre-application advice to improve the quality of submissions for planning permissions and permit/licence applications”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased the production of marine renewables guidance and evidence products, commencing 40%”: Evidence work has been progressed in the area of tidal stream monitoring through work with developers and the Crown Estate. We are supporting work with Plymouth and Bangor Universities (PhD on habitat restoration as compensation and diadromous fish tracking studies). Other priorities have been addressed by other organisations, e.g. JNCC and Defra. Good progress has been made with 42% of our priorities and more limited progress on 25% of the current evidence priorities. We have made limited progress with the production of guidance materials. Approximately 10% of guidance needs identified have been delivered in the year, by prioritising specialist staff time to deliver guidance on highest risk areas. Approximately 33% of priority evidence needs have not been progressed this year, including collision risk parameters and studies of potential impacts of tidal lagoons. This is mainly due to a lack of staff resource. ■</li> </ul>	20, 21

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<ul style="list-style-type: none"> <li>For KD2 “Increased the production of marine renewables guidance and evidence products, commencing 40%”: Our main area of progress has been working alongside a partner, concluded the 12 Week Customer Platform (Marine alpha) project. This is a crucial early stage in technology development focused on testing key assumptions into the feasibility of using Microsoft Power Platform technology to develop digital Marine Licensing capabilities. We are at 45% completion of the End to End review deliverables with work having commenced on other areas in line with progress milestones for the 3 year programme. We have delivered numerous digital enhancements to our Webpages including, Band 1 Application reforms and enhanced the Marine Licensing website landing page. We have refreshed, consolidated and rationalised numerous operational guidance documents into a newly structured Marine Licensing Handbook. This is expected to be launched in the coming months, and we have worked to ensure that it is user-needs focussed and contains the required content to provide a robust and consistent licensing service. We have incorporated Marine Regulation into NRW’s Marine Services Technical Competency Framework. In April 2025, this will be hosted on NRW’s new Learning Management System, for use by staff. This will allow staff, and their managers, to assess skills and competencies, and identify training needs, and develop career paths. We are contributing and influencing numerous reform areas, including: Marine Licensing Exemptions, Infrastructure Wales Act, Offshore Wind Environmental Improvement Package and Marine Recovery Fund and Welsh National Marine Plan – Strategic Resource Areas. We have been working extensively with Welsh Government officials to provide comprehensive financial and time-recording evidence to aid understanding of the overall deficit NRW are experiencing in delivering the Marine Licensing Service to help inform a new fees model. We have not: Concluded the Band 1 Process Review (we are now working to implement process changes in Autumn to coincide with WG's exemption reform). Formally commenced the Band 2 and Band 3 process review. Commenced the Consultation Review to identify how Marine Licence team consult, and whether improvements can be made to streamline the process. Concluded "future resource needs" / horizon scanning work. ◆</li> <li>For KD3 “Maintained service levels for determining marine renewables permit applications at 95%”: &gt;95% of applications are determined within service levels, although the permit queue stands at 8 weeks. Discharge of Condition applications to facilitate offshore renewable development post licence are progressing. We continue to determine Mona offshore wind farm transmission asset application and input into Mona deemed marine licence generations asset, being determined by the Secretary of State. Marine Licensing Team (MLT) have accepted Llyr Floating Offshore Windfarm and progressing through determination in a timely manner also. ★</li> </ul> <p>The pathway to green for this commitment is via recruitment to vacant posts and continuation of delivery of End to End review products to improve effectiveness.</p>	

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<p><b>Commitment 15: “Prioritise actions with the greatest cost benefit on carbon dioxide equivalent (CO<sub>2</sub>e)/ greenhouse gases (GHGs) to deliver our annual prioritisation within the Net Zero Plan”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased understanding of whole life carbon estimates at both option and design stage of all capital construction projects through applying the Environment Agency ERIC Carbon Modelling Tool (CMT)”: The Projects and Programme Delivery Team have included the delivery of a carbon impact assessment in 100% of design scopes which have been issued this quarter. The assessment is consistently delivered by all of our framework designers via the EA's Carbon Modelling Tool. It is applied to the shortlisted options at Outline design stage and to the preferred design at detailed design stage to inform the option selection process and ensure that carbon impact is a priority factor in decision making. ★</li> <li>For KD2 “Increased understanding of the carbon footprint, at construction stage, of all capital construction projects above £1 million through applying the Environment Agency ERIC carbon calculator”: No capital projects &gt;£1m have reached Construction phase in the last quarter. ★</li> <li>For KD3 “Increased number of staff achieving climate literacy accreditation from 30% to 50% of all NRW staff, through the delivery of the Climate Literacy Training Programme.”: 300 climate literacy training places were offered in 2024-25, 107 staff completed the training, and so far 65 have gained certification. Overall, 43% staff have completed the training from January 23 to March 2024. We have not been able to achieve the 50% target due to a focus on the Case for Change and consequently low demand and update of courses. As a result, an in-year financial decision was taken to reduce the number of courses offered, which meant the start-of-year target was always going to be unattainable. ■</li> </ul> <p>The overall commitment is amber. The supply chain and project delivery elements have met their targets while the climate literacy training element has achieved 43% rather than the 50% target for staff trained. This is reflected in the overall commitment being amber. In 2025-26, as agreed by the Climate Emergency Group, the Climate Literacy course will be promoted, with managers actively encouraged for staff to attend, with it promoted to all new starters too. Despite an anticipated increase in staff numbers, we should be able to reach over 50% trained by year end.</p>	20, 21
<p><b>Commitment 16: “Embed the use of carbon reduction tools and plans into high value contracts and frameworks to improve the quality of submissions”</b></p> <p>This commitment is <b>Green</b> at the end of March.</p>	20

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<ul style="list-style-type: none"> <li>• For KD1 “Increased the percentage of awarded purchase agreements where carbon reduction has been offered as a ‘Well-being Impact’ benefit”: We successfully delivered on our ambition of piloting our Well-being Impact approach into a procurement exercise, and the awarded supplier committed to a carbon measure as a contractual commitment. The framework being the Community Woodland Framework Agreement. ★</li> <li>• For KD2 “Increased the utilisation of carbon calculators on all relevant framework agreements renewing from February 2024 by 50% (from 0). Actions developed for informing future specifications to reduce carbon emissions in future years.”: As previously reported in Q2, we have set a requirement for successful suppliers to use carbon calculators on the following framework agreements: Mechanical, Electrical, Instrumentation, Control and Automation (MEICA) and Criminal Litigation Framework; we issued the guidance document on the establishment of a Carbon Reduction Plan, using a carbon calculator to baseline the starting position - agreed prior to award of contract. ★</li> <li>• For KD3 “Increased the percentage of: (a) conformant Carbon Reduction Plans received for NRW procurement contracts and frameworks above £5 million as a result of specialist NRW support provided. (b) Carbon Reduction Plans received for NRW procurement contracts and frameworks above £5 million”: As reported during Q1, we managed to include the requirement for a Carbon Reduction Plan to be completed by suppliers on the MEICA framework and the Water Management Consultancy Framework. ★</li> </ul> <p>We have delivered against the three deliverables we identified during the start of 2024-25 Financial Year as such there is no requirement for a pathway to green. This was achieved even though we did not have dedicated resource to support sustainable procurement. However, we have now appointed to the role of Procurement Strategy &amp; Development Advisor, which will help progress our carbon reduction ambitions going forward</p>	
<p><b>Commitment 17: “Undertake farm inspections under Agriculture Pollution Regulations, in line with the enforcement sanctions policy to reduce pollution”</b></p> <p>This commitment is <span style="background-color: #FFC300;">Amber</span> at the end of March.</p> <ul style="list-style-type: none"> <li>• For KD1 “Maintained the level of service for the number of compliance inspections under the Agriculture Pollution Regulations through completing 80% of the scheduled 821 (sites which are identified as those with higher risk activities)”: While we have continued to maintain a steady quarterly inspection rate, we failed to achieve the required inspection numbers to meet the full year 80% target. 635 visits have been delivered, 22 short of the 80% annual target of 657 (77%). 127 inspections were delivered in Q4. The main cause for not meeting the target is the four officer vacancies across the two teams and no ability to backfill due to the</li> </ul>	22

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<p>recruitment freeze. The officers in post have delivered excellent work and we remain confident once we have a full team that we can work towards delivering the full 100% target, 821 farms, during 2025/26. ♦</p> <ul style="list-style-type: none"> <li>For KD2 “Increased effectiveness and efficiency of compliance inspections through delivery of annual review”: Implementing these new regulatory requirements across an industry which continues to challenge the basic need for such regulatory controls continues to be a challenge. This year’s four yearly review has provided a further opportunity for farming Unions to challenge further. While the inspection compliance rate has seen some marginal improvements over the past few months, overall farm non-compliance stands at 51%. The level of resource required to progress and move those farms into compliance is more than expected and hence having an impact on the quantity of inspections which can be delivered. There are many factors which have impacted delivery, vacant posts and recruitment freeze is the main issue, whilst the implementation of these new regulatory requirements are still embedding, Some requirements only came into force in August 2024 while others come in from early May 2025. The industry remains reluctant to accept these requirements, hence the level of non-compliance we see. That is absorbing resource and our approach to securing compliance will combine with using our regulatory tools along with influencing the agricultural community through other regulators and accreditation bodies, with enforcement responses used when necessary. ♦</li> </ul> <p>We currently have four vacant officer posts across the two teams, recruitment has now started to progress and while we would not expect those new officers to be fully competent in their roles until late summer/ early autumn, we remain confident we can achieve the 100% target (821 visit) for 2025-26</p>	
<p><b>Commitment 18: “Undertake compliance visits at prioritised regulated sites to reduce pollution”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Maintained the level of service for category 1 and category 2 compliance breaches subject to further compliance effort (action or review) within 6 months at 95%”: This deliverable is Green at the end of March. Our main area of progress has been continuing to focus on permitted facilities where serious non-compliances have been identified and Category 1 and 2 breaches have been issued. During July to September 2024, there were 32 Compliance Assessment Reports that identified either single or multiple Category 1 or 2 non-compliances. In line with the measure these require further compliance effort within 6 months. 48 out of 48 Category 1 and 2 breaches received further compliance effort within the required 6 months. ★</li> <li>For KD2 “Increased effectiveness and efficiency of compliance visits through delivery of annual review”: We are confident of our position as teams have focussed their efforts on poor performing activities where Category 1 and 2 non-compliances are identified. There is a requirement to ensure a protective, restorative and an enforcement response is in place for these and all non-compliances identified. Annual compliance reports were produced for Industry and Waste and these are being progressed for 2024 with an earlier timescale. The annual regulatory report for 2024 is also being progressed on a shorter timescale. ★</li> </ul>	22, 23

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Regulatory teams are continually assessing priorities and where required prioritising resources to critical activities and to mitigating impacts.	
<p><b>Commitment 19: “Provide support and advice on the new Workplace Recycling Regulations, targeting key workplace sectors and waste service providers to increase stakeholder awareness and understanding”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Maintained the efficiency of our support and advice on the Workplace Recycling Regulations through (a) responding to queries within 10 days (percentage attained) and (b) evaluating enquires received and adapting support and advice”: Our main area of progress has been managing enquiries and reported incidents. We received only 1 enquiry during Q4 which continue to decrease as the Regulations become embedded. Of the 118 enquiries received in total this year, 92% were responded to within 10 working days. During Q4 we investigated a further 10 reported incidents concerning non-compliance with the Regulations, with a total of 24 investigated and responded to during the year. ★</li> <li>For KD2 “Increased the awareness of the Workplace Recycling Regulations within our priority sectors through providing sector specific information and guidance to 20% of the workplaces and events (5,400 of the 27,000)”: Our main area of progress has been increasing awareness with a further 1,528 organisations during Q4. This included presenting to a series of Ministerial Programme Boards as requested by WG, speaking at a CIWM conference, and sharing our resource pack with 1,000 schools via the Eco-Schools newsletter. This brings the total number of businesses contacted this year to 30,375. ★</li> <li>For KD3 “Establish the percentage of workplaces and events within our priority sectors that are found to be compliant with the Workplace Recycling Regulations at NRW compliance assessment”: Our main area of progress has been completing 136 assessments during Q4, with 63 (46%) compliant and 73 (54%) non-compliant. This targeted the education sector by assessing the largest secondary schools per county and retail sector including supermarkets, large retail chains and wholesalers. In total, we have undertaken 522 assessments this year, with an overall percentage of 60% compliant and 40% non-compliant. ★</li> </ul>	22, 23
<p><b>Commitment 20: “Provide challenge and advice to water companies to ensure their investment programmes reduce the risks and impacts of their operations on the environment”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Amber</span> at the end of March.</p>	7, 22, 23

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<ul style="list-style-type: none"> <li>• For KD1 “Influenced an increase in investment by water companies in water quality improvements through supporting Ofwat in the scrutiny of Water Company Business Plans”: Our main area of progress has been Ofwat’s Final Determination accepting the entire National Environment Programme as justifying funding and delivery, working with Ofwat and Environment Agency (EA) to improve our monitoring framework for delivery in AMP8. ★</li> <li>• For KD2 “Increased the effectiveness of the three-water company’s drought plans through: (a) publishing drought plan guidance by end of Q2 and (b) making recommendations on their draft drought plans through the public consultation. (Publication of final drought plans used as effectiveness measure in 2025-26)”: We submitted our representations to the Welsh Government on the draft drought plan consultations for Dwr Cymru, Hafren Dyfrdwy and Albion Eco in March. We set out our proposed recommendations and improvements for the final drought plans and the accompanying environmental assessments, including the Habitats Regulations Assessment, to protect the environment and maintain secure water supplies during a drought. ★</li> <li>• For KD3 “Improved the performance of water companies through delivery of an Operator Monitoring Audit (OMA) for Dŵr Cymru Welsh Water and Hafren Dyfrdwy and completion of site audits of Sewage Treatment Works (STW) based on environmental risk”: We have focused on high priority new work, such as preparations for the new Water Special Measures Bill; influencing water company action through the Price Review; progressing actions within the Combined Sewer Overflow Roadmap. On 2nd October 2024, NRW and EA jointly released a 2 month targeted consultation on the Water Industry Environmental Performance Assessment (EPA) for 2026 – 2030 data. We have not undertaken the OMA due to lack of resource: we focused on Pr24 and WG priorities. The programme for OMA audits and operator self-monitoring inspections will fall under the remit of the operational Compliance Unit. Delays due to case for change on populating the team mean that audits will be carried out in 2025-26. Timescales of when these can be programmed are dependent on filling posts and the migration of key staff into the team. ■</li> </ul> <p>This measure is Amber at year end, therefore pathway to green by end of year is not possible. We had to reprioritise during the year to meet higher priorities and a reduced resource availability and made the decision not to carry out OMA reviews this year. This work will recommence in 2025-26 when we have the water compliance team in place. Recruitment will take place during Q1, and we anticipate completing OMAs by the end of Q4 2025-26. The impact we have had during the year has been significant, however, in achieving record investment for Wales through AMP8 (PR24), completion of drought planning work and significantly increasing our front line regulatory compliance effort when compared to previous years.</p>	
<p><b>Commitment 21: Water Quality Improvements –</b>  <b>“Set the ambition for water quality improvements at a catchment scale to build collaboration and deliver prioritised action”</b></p> <p>This commitment is <b>Amber</b> at the end of March.</p>	7, 22, 23

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<ul style="list-style-type: none"> <li>• For KD1 “Decreased the load of Phosphorus to highly protected river sites in line with modelled expectations by completing the review of all 171-water company permits”: As of July 2024, all relevant permits had been varied to include phosphorus limits. Work is ongoing to assess the level of improvements created through the review. The action is complete. ★</li> <li>• For KD2 “Increased our knowledge and understanding of the causes of water body failure in Special Areas of Conservation (SAC) through the completion of 30% of outstanding investigations”: Our main area of progress has been to achieve the 30% target achieved by reprioritising SAC river investigation against other WFD investigation. Going forward, we will review how we prioritise our limited resources for investigating failure across all rivers to the right standard in the most efficient way. ★</li> <li>• For KD3 “Increased the awareness of the Workplace Recycling Regulations within our priority sectors through providing sector specific information and guidance to 20% of the workplaces and events (5,400 of the 27,000)”: Our main area of progress has been that the overall WQ capital programme is Green status. The NaCE programme is carrying out work to improve WQ in highly protected and designated waterbodies. One key project relevant to KD3 is on Amber progress status and one project has moved to Red. ◆</li> </ul> <p>There are issues in the delivery of the Upper Wye Restoration Project caused by ongoing impacts from recruitment and case for change. We have not delivered as many farm visits/actions on the Upper Wye as hoped and some work will now take place in 2025-26. The project is significantly underspent in 2024-25 and it may be months until the project team is fully recruited. In 2025- 26, we aim to fill all posts within the project team as early as possible to bring this project back into Green status. The pathway to green for this commitment is continuing with business as usual work relating to work areas such as River Basin Management Plans, Teifi Demonstrator Project, SAC rivers project etc. We need to better join up delivery of planned actions and have a post approved for this financial year to help with the coordination. Welsh Government have confirmed £16 million to further the delivery of action to address the Nature and climate emergencies. The Teifi Demonstrator Project will enable testing of approaches.</p>	
<p><b>Commitment 22: “Respond to prioritised pollution incidents to minimise environmental harm”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>• For KD1 “Maintained the level of service for the response to incidents initially categorised as ‘High’ within 4 hours at 95%”: We have maintained level of service with the final figure for 2024-25 being 97%. We will continue to monitor and work with teams to ensure progress is maintained in 2025-26. ★</li> <li>• For KD2 “Increased effectiveness and efficiency of service through delivery of an annual review”: A high-level report on incident performance was completed and shared with the Leadership Team in March. The report evaluated 2024 performance and</li> </ul>	7, 22, 23

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<p>identified areas for continuous improvement to refine incident management approaches post-April 2025. This will help us to measure success in the future. Also, following the recent internal audit there are a number of actions to address to further improve the service. ★</p> <p>While we will continue to maintain the existing 4-hour response standard for high-priority incidents, our focus for 2025-26 will broaden to assess the overall effectiveness of our incident response. In particular, we aim to reduce the number of attended incidents that are ultimately unsubstantiated, ensuring resources are deployed in a more targeted and risk-based way. We also propose measuring: the closure of incident reports within WIRS in 30 days, which will help drive more efficient system use and timely resolution. These performance measures will be used to support the ongoing development of our Incident Management Strategy and Service Plan, and to address actions identified in the recent audit. Insights from these measures will help us continuously adapt and refine our operational approach in support of WBO3 delivery and wider incident response</p>	
<p><b>Commitment 23: “Enhance our understanding of the drivers of pollution incidents across Wales to inform the integration of preventative actions into incident response”</b></p> <p>This commitment is <b>Amber</b> to the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Increased our knowledge and identified opportunities for improvements to processes, capabilities, and competencies through a review of current approaches and tools across 15 pollution areas”: We have delivered a range of communications to internal and external audiences, including a web blog to explain our incident management service work, assessing what further external communications are needed. We have finalised an Operational Incident Decision tool and refined our Standard Operating Procedures to guide a more effective prioritisation of responding to incidents in air, land, and water. We held internal awareness and training sessions for staff during March. Workshops originally planned in early April will be delivered in May 2025 to help refine our decision tool and procedures. We will continue to brief our Executive Team and the Board on this new approach. ★</li> <li>For KD2 “Increased our knowledge of pollution incidents (incident numbers, types, locations, impacts and resource allocation) by producing a detailed analysis report (by end of Q2) and informing focus areas, strategies and actions by end of Q4”: Our main area of progress has been insight into data needs from key service areas to inform analytical outputs. At the end of Q3, we identified the need to secure key technical capability to enhance (or change) the existing tool in order to extract and present data in an effective manner. In Q4, we secured staff to undertake the required tool build. This work is currently underway. ◆</li> <li>For KD3 “Increased opportunities to integrate preventative action into the Incident Management Strategy through (a) development of an options paper and (b) decisions at NRW business groups on priorities”: Capacity has hindered our ability to move as far as anticipated in differentiating more clearly between WIRS reports that need an incident management response and those that</li> </ul>	22

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<p>require solely a regulatory or enforcement response. This dovetails with wider incident management policy and procedure work. We have been working closely with our colleagues in Regulation for example and this illustrates where cross functional working can streamline and simplify our approaches. ♦</p> <p>To ensure this commitment turns Green in 2025-26, we are prioritising completion of two key elements: the development of the Power BI-based analytical tool (KD2) and the finalisation of options for embedding preventative action (KD3). Technical capability has now been secured to progress the analytical work, with development underway and user needs identified across our Regulation, Water, and Incident Management teams. In parallel, we are working closely to co-develop the governance framework needed to embed the shift in how WIRS reports are triaged and responded to. This pathway will not only complete the outstanding actions by Q2 but also support the longer-term delivery of an integrated, intelligence-led Incident Management Strategy.</p>	
<p><b>Commitment 24: “Undertake investigation and enforcement action to minimise environmental harm”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Green</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Maintained the level of service on the decision on an appropriate enforcement response within 3 months at 95%”: RAG status has remained Green again and is at 100% for Q4. ★</li> <li>For KD2 “Increased effectiveness and efficiency of service through delivery of the Annual Regulatory Report and Tackling Waste Crime quarterly report”: Our main area of progress has been completing the Tackling Waste Crime Q3 report and circulating this as planned in Q4. The Q4 report is scheduled for Q1 2025-26. (The Annual Regulatory Report was already published in Q3). ★</li> </ul>	22, 23
<p><b>Commitment 25: “Strengthen ways of working with Local Authorities and third sector partners to maximise collective action on fly-tipping”</b></p> <p>This commitment is <span style="border: 1px solid black; padding: 2px;">Amber</span> at the end of March.</p> <ul style="list-style-type: none"> <li>For KD1 “Improved ways of working on fly-tipping between NRW and partner agencies by publishing an updated Fly-tipping Protocol (by end of Q1) and trialling 1 local agreement (by end of Q3)”: Our main area of progress has been resuming work on the draft version of the revised protocol. We have adjusted the project plan for this piece of work to deliver the draft document by end Q1 2025 and it has been factored into the FtAW teams new work plan for funding secured for 2025-26. Recruitment is now underway to recruit a Senior Officer to the team, freeing up staff to work on protocol again. ■</li> </ul>	22

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<ul style="list-style-type: none"> <li>For KD2 “Increased the utilisation of Fly Tipping Action Wales (FtAW) surveillance equipment (from 4 to 5 Local Authorities) and the Mallard Service by Local Authorities (from 8 to 10), to encourage more enforcement outcomes”: Our main area of progress has been securing Mallard Support Services for the financial year 2025-26 for all LA’s in Wales. Another feedback survey has been run with LA’s to assess use of the system during 2024-25. We have delivered 2 face to face enforcement training courses. Purchased 10 new covert surveillance cameras for use by LA’s. ★</li> </ul> <p>The pathway to green for this commitment is underway as our G6 role is out for recruitment and expected to be filled by end April - enabling work to resume on the draft protocol in Q1 2025.</p>	

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**Climate Change, Environment,  
and Infrastructure Committee**

Peter Perry

Chief Executive Officer, Dŵr Cymru

9 December 2025

Dear Peter,

**Dŵr Cymru's Trawsnewid Programme and other matters**

Thank you for attending the Committee's meeting on 5 November 2025. The Committee would like to thank you, Sam Jones and Martin Driscoll for your time and for the evidence that you shared with us. There are several issues we wanted to raise with you following the session, and they are set out below.

**Workforce**

We are concerned about the effect of Dŵr Cymru's decision to reduce its workforce by 12 per cent (approximately 500 full time equivalent roles) over the next 18-24 months on staff morale and well-being. We heard from you that "there's clearly a concern about morale" and you went on to say that you are running an employee engagement survey at the end of the month. We would be grateful if you could share the results of that survey with the Committee. We would also be grateful for further information on the steps you are taking, or intend to take, to build staff morale and support well-being.

You told us that you are "losing colleagues" as part of the Trawsnewid Programme but "not attacking people's terms and conditions". You will be aware of the claim in the press about misleading the Committee on this issue. We would be grateful if you could clarify whether there will be changes to workers' terms and conditions of employment as a result of Trawsnewid.

We heard that your "enabling support services" such as finance, procurement and human resources will be most affected by the workforce reduction, and not "front-line jobs". We noted that there is a 50:50 split between staff costs and what you procure. You said: "If you look at our cost base for running day-to-day services, about half of it is people and half of it is what we buy through the supply



chain". We are concerned that this does not align with the current workforce reduction strategy. As we all know, good procurement has significant cost-saving benefits. We would therefore be grateful for a fuller explanation in relation to this decision.

We are also keen to know whether the reduction in staff will result in greater use of agency staff.

We discussed the pay of senior executives at Dŵr Cymru. You explained that "the variable pay that the executive have is entirely based on performance". You also said "where we have bands, and every job is banded, people will move up the band annually based on their performance". We have concerns about the use of performance-related pay in the wider workforce, as it risks creating inconsistencies and unfairness. We would be grateful if you could set out how performance-related increases work for non-executive employees performance related pay and how you ensure consistency and fairness. During the session, you made reference to a remuneration graph setting out executive pay over the past 15 years. We would also be grateful if you could share this information with the Committee, including a breakdown of fixed and variable pay.

### **Company reorganisation**

We discussed the use of data and artificial intelligence. We would like more information about how this will work in practice and your capacity to improve data analysis and processing, as we are concerned that there is a risk of losing expertise in this area as a result of staffing cuts. We are also concerned that you may be pushing ahead too quickly on this before securing potential savings. .

You said that you are not expecting customers to notice any impact as a result of the changes brought under the Trawsnewid programme "because targets are tightening, service levels are getting tougher, so we will not see that". We acknowledge that staff cuts will be focused on "back office" functions, however we are concerned that these cuts could have significant knock on effects for frontline customer services. We therefore ask for further assurances that there will be no impact on frontline services and details of how you will monitor this.

### **Water outages in Flintshire**

We discussed the lessons learned from the disruption to Flintshire's water supply over the summer. We share your concerns about the impact of climate change on Wales' aging infrastructure. However we were particularly concerned to learn that you were not aware of the raised height of the ground at Bretton. It is very concerning that the ground level above the mains water pipe had been raised to five meters by a developer, which you claim subsequently caused the burst. This is a failure of the planning system. Ground levels should not be permitted to increase in this way if the ground is known to be above a mains water pipe, especially given our aging infrastructure and significant increase in extreme weather which can cause damage to assets. It was concerning to hear that "soil moisture deficit is so high in parts of Wales that our mains are bursting four times more today than they did in

2018". I am copying this letter to the Cabinet Secretary for Economy, Energy and Planning and the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs.

You said that your "risk assessment process will now be adapted from the learning at Bryn Cowlyd and the learning at Bretton". We welcome this review and would be grateful if a copy could be shared with the Committee once the work is completed.

We would also be grateful for further information on compensation for those affected by the water outages. You mentioned three schemes during the session: guaranteed standard payments, the business compensation scheme, and goodwill payments. We would be grateful for further detail on these schemes, including eligibility criteria and compensation rates.

Thank you once again for your attendance at Committee.

I look forward to your response.

Yours sincerely,



**Llyr Gruffydd MS,**  
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



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24th December 2025

Dear Chair

Thank you for your letter dated 9<sup>th</sup> December and the opportunity to expand on some of the answers that we gave to the Committee during our evidence session back in November.

I hope that the information below is helpful to the Committee and builds on the previous evidence that we have provided.

### **Workforce**

The Employee Engagement Survey was open to staff between mid-November and early December. This annual survey provides an opportunity for colleagues to share their views on our working culture. It is completely anonymous, and last year we achieved an 89% response rate and a 76% engagement score. Feedback from the survey is used to help shape how we work, ensuring we continue to create an environment in which everyone feels valued and empowered to deliver excellent service. A summary of the survey results will be shared with you in the New Year, once analysis is complete and the results shared with staff first.

Maintaining the morale and wellbeing of our people remains a priority for the Executive Team at Dŵr Cymru.

We have committed to:

- Getting information to our people as soon as is practicable, making sure it is easily accessible and simple to understand
- Providing regular updates to the teams impacted and the business at large.
- Continued regular liaison with our Trade Unions

As part of this commitment, we met with almost 2,000 colleagues through a series of roadshows across our operating area. These sessions gave staff the opportunity to hear more about the Trawsnewid programme and to raise any questions. In addition, I host a monthly live CEO call which is usually attended by more than 1,000 employees and open to all. During the call employees hear directly about the challenges facing the

business and they can ask questions on matters of concern. We strive to be open and transparent with our workforce, which we believe is essential during what may be an unsettling time for some colleagues.

Any employee who is at risk of redundancy has access to career transition support, including CV workshops, interview coaching, and assistance in identifying external opportunities. A wide range of online resources is available, alongside guidance on how to access further support. Employees can also arrange a Career Conversation with one of our trained Career Ambassadors and access relevant training and research materials.

The Welsh Water intranet site also provides guidance and resources on wellbeing and resilience, including access to literature, webinars, and the option to arrange a meeting with one of our Wellbeing Champions.

As highlighted during the Committee session, the Trawsnewid programme is not about reducing pay or changing employees' terms and conditions. The inaccurate media report referred to in your letter published last month suggested otherwise, referring to changes affecting fifteen colleagues at three sites: Felindre, Cwrt Farm and Llwyn Onn Water Treatment Works. We provided the journalist with the correct information but were disappointed by the inaccurate coverage. This matter relates to a historic inconsistency and is entirely unrelated to the recent restructuring announcement. The changes were agreed in full with the relevant trade unions following consultation with those affected and will be implemented over a two-year period to minimise impact on colleagues. For the avoidance of doubt, these changes pre-dated the Trawsnewid programme.

Since our appearance at the Committee, we are pleased to report that a new collective agreement has been reached with the Trade Unions. The 'Working Together Agreement' will apply to Dŵr Cymru's workforce through to 2030. The agreement was subject to a ballot organised by the Trade Unions, with a significant majority of members voting in favour. This long-standing agreement, which has been in place for over 30 years, reflects our progressive approach to employee terms and conditions.

Under the agreement, annual pay awards will continue to be linked to CPIH, with a minimum increase of 1% and a maximum of 4.5%. This arrangement will apply from 1st January 2026 to 31st March 2030.

Changes also include:

- Maternity pay enhanced to 20 weeks full pay from April 2026, with a phased increase to 26 weeks over the following years.
- Paternity pay re-named 'non-birthing parent' and increased to three weeks full pay from April 2026.
- Adoption pay: Primary carers receive the same as maternity arrangements; secondary carers receive the same as paternity or 'non-birthing parent' arrangements.
- For those with less than 27 days, annual leave will increase to 26 days from 1st January 2026 and 27 days from 1st January 2027.

The agreement is competitive, equitable, and fair, with careful consideration of cost implications, and will be consistent for all colleagues and line managers. I doubt many employers in Wales are committing to this type of progressive package in the current economic climate.

One of the aims of the Trawsnewid programme is that we deliver our services as efficiently as possible and, at the same time, maintain financial stability which will provide confidence to our investors. In terms of the 50/50 split of our cost savings, our targets across our staff costs and what we purchase and procure reflects our cost base. Our audited accounts from the last financial year show our operating costs totalled c.£400m, of which £216m related to staff costs (just over half of the total). We are targeting the same proportionate saving from our suppliers as we are from our workforce.

The Trawsnewid programme won't cause an increase in the use of agency staff. The programme will drive real cost savings across the company, not just artificially drive down the number of staff directly employed. Any recruitment in future will be scrutinised to ensue alignment with the programme and its aims.

During our evidence session one topic that was discussed was Executive pay. The information below outlines the variable pay element awarded to Executive and non-Executive staff at Welsh Water.

Welsh Water employees benefit from reward schemes that are designed to reflect both company performance and collective contribution. Our Annual Variable Pay (AVP) Scheme applies to colleagues above Band 5 and below Executive Director level, while the Colleague Reward Scheme applies to employees in Bands 1–5. Both schemes are based on a set of shared key performance metrics, particularly those linked to customer outcomes, operational performance, and expenditure. This approach promotes transparency and reinforces a sense of shared ownership in delivering our objectives.

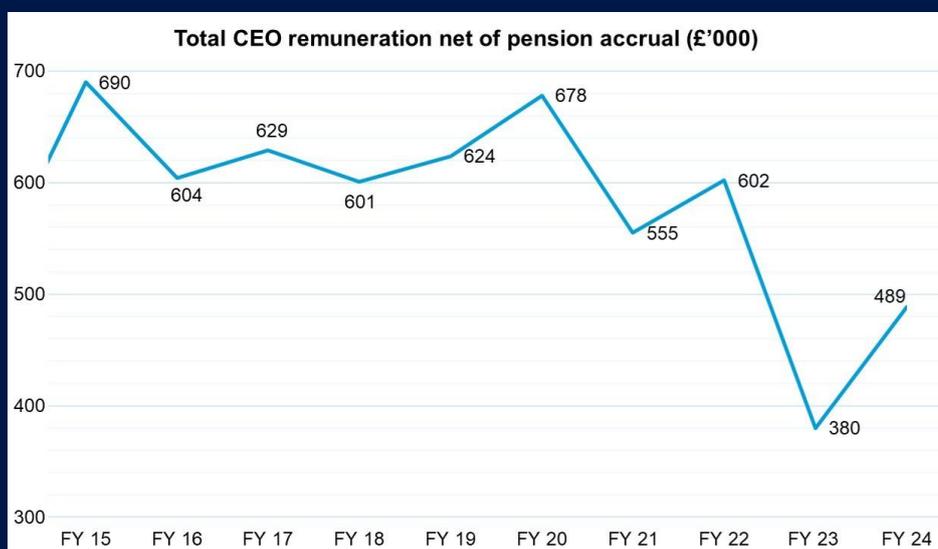
- Under the AVP Scheme, colleagues above Band 5 are eligible for a reward linked to both company performance and the achievement of individual objectives. The maximum award opportunity ranges from 10% to 60% of base salary, depending on role and band.
- For colleagues in Bands 1–5, the Colleague Reward Scheme does not include an individual performance element. Payments are determined solely by the company's performance against the agreed metrics, with a maximum award of £1,500.

Information on the AVP Scheme and the Colleague Reward Scheme is published in full in our Annual Report and Accounts and available on our website: [corporate.dwrcymru.com/en/library/group-annual-report-and-accounts](https://corporate.dwrcymru.com/en/library/group-annual-report-and-accounts)

In your letter you have misinterpreted the way our salary banded colleagues progress through the base pay scale. People move through a process known as 'Progression in Role' – this is linked to competence not performance. Any future consideration to performance related pay would be with full engagement with our Trade Unions to ensure fairness

In terms of Executive pay, the graph below shows the amount paid to the CEO over the last 10 years:

## CEO TOTAL REMUNERATION 2012 TO DATE



419\*

The table below shows the breakdown of the CEO total annual pay – this is split between salary, Annual Variable Pay (AVP) and Long Term Variable Pay (LTVP) elements. It is important to note that the total figure paid to the CEO also includes pension and other benefit payments that were made:

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Salary	£ 280,000.00	£ 288,000.00	£ 293,000.00	£ 297,000.00	£ 306,000.00
Variable (AVP)	£ 223,000.00	£ 203,000.00	£ 221,000.00	£ 192,000.00	£ 206,000.00
Variable (LTVP)	£ 186,000.00	£ 112,000.00	£ 115,000.00	£ 48,000.00	£ 46,000.00
Total (No DB Accrual)	£ 690,000.00	£ 604,000.00	£ 629,000.00	£ 601,000.00	£ 624,000.00

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Salary	£ 309,000.00	£ 332,000.00	£ 341,000.00	£ 355,000.00	£ 369,000.00
Variable (AVP)	£ 149,000.00	£ 133,000.00	£ -	£ 91,000.00	
Variable (LTVP)	£ 75,000.00	£ 99,000.00	£ -	£ -	£ -
Total (No DB Accrual)	£ 555,000.00	£ 602,000.00	£ 380,000.00	£ 489,000.00	£ 419,000.00

The CEOs in post prior to me being appointed in 2020, also had more favourable pension arrangements.

## **Company reorganisation**

We have invested significantly in our data science and automation teams in recent years. We have one of the strongest and most capable data science teams in the industry. The team are at the fore front of the deployment of predictive analytical tools to spot potential service failures before they occur, eg burst water mains or water quality deterioration. More widely we are deploying AI, this has allowed us to develop solutions such as our Storm Harvester tool (which allows us to identify blockages in our sewer network), our real time storm overflow map and reporting tools. Similarly we have also incorporated AI in our contact centre telephony system, easing the bureaucratic burden on colleagues and enabling them to have more effective interaction with customers. We are not targeting any reductions in these areas; in fact, it is likely that we will be increasing our investment to help us maximise the opportunities available to us.

We also appreciate the Committee's concern around the programme's impact on frontline services. I want to reassure you that the process to change our organisation and to reduce roles includes a full review of the business processes impacted, the necessary system changes and how roles across the business need to change to ensure that there is no detriment to the services we provide. As we explained at our session with the Committee, we have real time, daily, weekly and monthly monitoring of customer service and operational performance that we will use to identify the potential and actual impact of our changes.

## **Water outages in Flintshire**

The supply interruption that impacted customers in Flintshire back in August was a large scale emergency and we fully understand the difficulties it caused for the local community. We have reviewed our planning process to ensure factors such as proposed substantial increases in finished ground level (which was a key factor for the burst at Broughton), are fully risk assessed at the pre-construction stage of any development.

In terms of the wider burst rate on our water network, the increase I referenced at the session is related to our asbestos cement pipelines which are worst affected by ground movement, (caused by soil moisture deficit linked to hot weather). Clearly the two recent record drought years, firstly in 2022 and 2025 have put considerable strain on these assets. We are working with senior officials in the water team at Welsh Government (part of the Cabinet Secretary for Climate Change and Rural Affairs portfolio), to influence the progression of recommendations of the Independent Water Commission (Cunliffe Review), to ensure that improved levels of capital maintenance funding is prioritised to deal with this type of climate related impact. Unfortunately the current regulatory system does not achieve this and to mitigate future risk of this type, we need a complete overhaul of how maintenance funding is prioritised and allocated.

There are obligations placed on water companies to comply with the Security & Emergency Measures Direction (SEMD) 2022. This Direction is issued by Welsh Government under Section 208 of the Water Industry Act 1991. There are a number of expectations placed on companies under SEMD including,

- Planning – make, keep under review, test and revise plans to ensure the continuation of water supply and/or sewerage functions.
- Resourcing – ensure the necessary capability, capacity and facilities to implement these plans.
- Responding – react promptly to incidents, including, if required, working with Local Resilience Forums as part of the Civil Contingencies Act 2004
- Exercising – complete mock exercises across the company to validate plans, maintain competency across responders and identify learning

- Reviewing – undertake incident reviews and implement lessons learnt to inform future plans to prevent reoccurrence

Our emergency planning capabilities and performance against these obligations are assessed on an annual basis by Welsh Government, whilst we are also subject to spot audits throughout the year which are a deep dive into specific topics. This year it is around the response to vulnerable customers / vulnerable sites. The submission of this assessment is due 1 April 2026.

With regards the specific incidents mentioned, we undertook a thorough review of our response following the Bryn Cowlyd incident and the learnings from this incident were implemented in time for them to show an improved response to the incident in Flintshire in August. At the time of writing we are still awaiting our assessment of our response to the Flintshire incident from the Drinking Water Inspectorate, once this is received, we will be taking their report into consideration to further improve our response capabilities.

**Please note the details of compensation paid to both business and domestic customers;**

#### **Guaranteed Standard Payments**

Domestic and business customers who were off supply continuously for more than 12 hours were paid GSS payments in multiple of 12 hours (12hours 1 payment, 24hrs 2 payments etc) this was paid at £30 domestic and £75 business customers.

In summary the total paid was **£3,168,643.97** ( Domestic £2,729,109.60 and Business£439,534.37). Payments were made promptly with the majority completed in September and completed in October as set out below;

<b>Month</b>	<b>Volume of payments made</b>	<b>Total Value</b>
September - Bretton	20,583	£3,042,763.56
Domestic	19,585	£2,675,017.11
Business	998	£367,746.45

<b>Month</b>	<b>Volume of payments made</b>	<b>Total Value</b>
October - Bretton	618	£125,880.41
Domestic	448	£54,092.49
Business	171	£71,787.92

### **Additional Support for Business Customers**

In addition, we offered an easy access, wider compensation / goodwill scheme to business customers who could demonstrate losses linked to the supply interruption

- 104 applications have been received
- 45 have been paid, totally £53,000
- 39 remain open with a further payment to 23 businesses totalling £54,000 currently being processed after receiving appropriate evidence of loss. We are awaiting further information from 16 businesses in order to process their claims.
- 20 applications were declined due to lack of evidence to support their claim.

### **Goodwill Payments to Domestic Customers**

We also reviewed the level of service received by approximately 100 customers from the Ffynnongroyw area, who experienced periods of intermittent loss of supply and poor pressure and whilst they did not fully meet the criteria for a Guaranteed Standard payment, we provided as a gesture of goodwill a sum of £120 to each of them equalling payment for a 48 hour loss of supply.

I trust that the information above is helpful – however, please do let me know if I can be of further assistance.

I also wish to thank the Committee for their warm welcome at the session and your continued support and scrutiny of Dŵr Cymru's work. As you know, I shall be standing down from my role in the New Year with Roch Cheroux taking over as Chief Executive on 5<sup>th</sup> January.

I'd also like to wish you and the staff and members of the Committee a Merry Christmas and a Happy New Year – Nadolig Llawen a Blwyddyn Newydd Dda – from everyone at Dŵr Cymru Welsh Water.



Yours sincerely,

**Peter Perry,**

**Chief Executive, Dŵr Cymru Welsh Water**

# Agenda Item 3.2

Llyr Gruffydd MS  
Chair, Climate Change, Environment and Infrastructure Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

By email only: [SeneddClimate@senedd.wales](mailto:SeneddClimate@senedd.wales)

24<sup>th</sup> December 2025

Annwyl Llyr,

## Update on Committee Recommendations

Following our Annual Scrutiny earlier this year, I write to provide you with further updates on your committee's recommendations, as requested in your report.

In addition to the written evidence that we have provided, we set out below our response to the recommendations from the previous scrutiny session relating to recent developments with our Visitor Centres, the conclusion of the negotiations with HMRC and adequacy and use of funding for flood management as requested. Should you require any further information on any of these matters, please do let us know.

Thank you once again for your interest in our work, and your committee's constructive recommendations.

Yours sincerely



**Ceri Davies**  
Prif Weithredwr Dros Dro  
Interim Chief Executive Officer

Croesewir gohebiaeth yn Gymraeg a byddwn yn ymateb yn Gymraeg, heb i hynny arwain at oedi.  
Correspondence in Welsh is welcomed, and we will respond in Welsh without it leading to a delay.

## **Recommendation 2**

NRW must urgently provide a credible plan to reopen all three visitor centres. This must include clarity about its vision for the future of the visitor centres, the service levels it wishes to see, and a financially viable strategy and timetable to achieve this. This should be provided to the Committee within three months.

The work to maximize the use of our Visitor Centre sites continues at pace.

At Ynyslas, we are pleased to confirm that a Community Management Agreement has been formally established with Borth Community Hub, effective from 4 August 2025. This marks a significant step forward in supporting local stewardship and strengthening community-led initiatives in the area, particularly through their expanded outreach programmes.

For Bwlch Nant yr Arian and Coed y Brenin, we successfully launched our marketing documentation packs on 28 November. Ahead of this, we hosted informal bidder open days at both sites during October, which were well received by prospective bidders. To ensure we attract a broad range of bids - from micro, small businesses and larger operators - the initial bid stage will last for 12 weeks followed by evaluation of bids and competitive dialogue stages. Our aim is to identify a preferred bidder early in the 2026–27 financial year. The timeline for reopening the visitor centre buildings will depend in part on the successful bidder and any additional investment they may wish to make on site.

In the meantime, paths, trails, car parks, and toilets remain open, managed by NRW, and our land management teams continue vital work to protect wildlife and maintain these special sites.

## **Recommendation 8**

Following the conclusions of the negotiations with HMRC, NRW should provide a full update on the outcome as soon as possible, together with a full explanation of how this money will be paid back through efficiency savings and without impacting on frontline services.

Following finalisation of agreement with HMRC, the final total liability was confirmed at £14.6m, for which Welsh Government kindly provided the budget cover for in 2024-25. We have already returned £4.4m in 2024-25 and a further £1.46m in 2025-26. Importantly, no specific reductions to services were required to accommodate the £1.46m repayment.

We are currently in discussion with Welsh Government about making a further contribution to reduce the liability in this financial year. If agreed, this could reduce the remaining balance to a level that allows full clearance by 2028-29 or sooner.

Our approach was to plan the contribution early enough in our planning cycle for 2025-26, ensuring frontline services were protected. While we appreciate there is an opportunity cost involved - where we could have used the £1.46m for other priorities – the reality is that, following a period of very strict recruitment controls, and the unexpected additional funding

received last autumn, we would not have been able to use this amount effectively this financial year.

## Climate Change Environment and Infrastructure Committee

### Annual scrutiny of NRW, 2024-25 (CCEIC report of May 2025)

#### Recommendation 4

NRW should ensure that it monitors and evaluates the **adequacy** and **use** of funding for flood management. It should report back to the Committee within six months to ensure that this informs next year's Welsh Government budget decisions.

#### Introduction and context

Flooding is a major and growing risk in Wales, with 1 in 7 properties at risk. Recent events such as Storm Claudia (Monmouth, 2025) and Storm Bert (RCT, 2024), show the complexity of the challenge even where defences exist.

Reducing risk requires collaboration across sectors and communities, but budget pressures mean that activities must be prioritised. Additional investment, including green private finance, could lower risks and economic costs.

NRW's Long Term Investment Requirements report ([Natural Resources Wales / Long-term Investment Requirements for Flood Defences in Wales](#)) shows that capital investment needs to be 3.4 times the current levels to keep pace with climate change and revenue needs are likely similar. Government alone cannot meet this, so we are defining priorities and exploring private sector and green finance through our Growth and Value Strategy.

Flood risk management needs multi-year budgets and sustained expertise to plan and deliver effectively.

#### On the *use* of revenue and capital funding for flood management

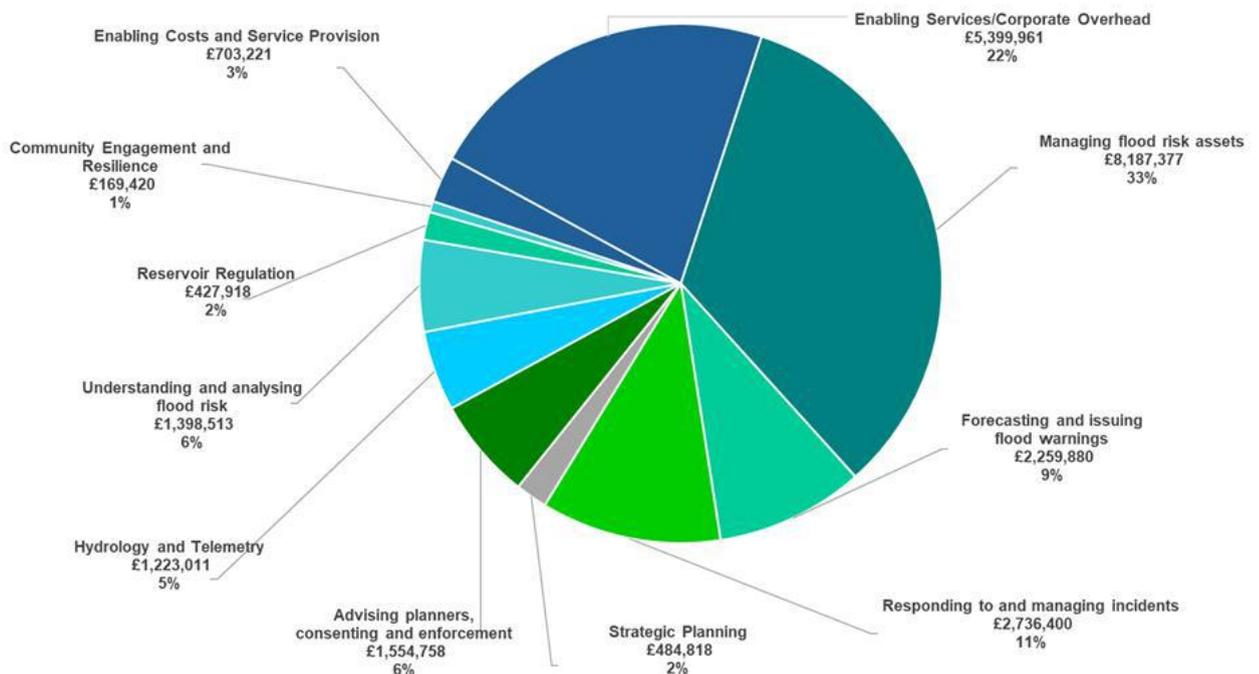
NRW reports annually on flood funding use in our Flood Risk Management Annual Report, shared with Welsh Government and published online: [Natural Resources Wales / Flooding reports, evidence and data](#). The 2024/25 report is available here: [Natural Resources Wales / Flood risk management annual report 2024 to 2025](#)

NRW receives Welsh Government Grant in Aid (GIA) for its Flood Risk Management (FRM) activities.

- Capital funding (bid annually) supports projects like new or upgraded flood defences, river level gauging stations and flood warning infrastructure. In 2024/25 the capital GIA budget was £22.5m, delivering schemes such as Lliswerry, Newport, reducing risk to over 1,000 properties, as well as a new Wales flood warning system.

- Revenue funding covers core services - asset maintenance, operation of our network of rainfall and river monitoring stations, flood forecasting and warning, and planning advice. NRW received £24.5m in 2024/25. The pie chart below (taken from the Annual Report) shows the breakdown of investment by activity categories. From 2025/26, flood GIA is no longer ringfenced and forms part of our general GIA. Inflationary pressures have been recognised in allocations.

### 2024/25 Revenue Spend on Flood Risk Management



Flood risk is rising with climate change, requiring ongoing service development. Details of outcomes and future objectives are in the Annual Report and Flood Risk Management Plan 2023–2029 on our website: [Natural Resources Wales / Flood risk management plans 2023 to 2029](#)

## On the *adequacy* of revenue and capital funding for flood management

Flooding is a major risk for Wales, requiring collective action and sustained investment to adapt to climate change and extreme weather. NRW prioritises funding across functions within annual Welsh Government GIA allocations, aligned to our Corporate Plan to 2030. Historic austerity and recent inflation have reduced NRW's real-term funding despite recent uplifts in 2024/25 and 2025/26. While current budgets enable significant outcomes, they require strict prioritisation and annual settlements limit long term planning.

Our Long Term Investment Requirements for Flood Defences in Wales report ([Natural Resources Wales / Long-term Investment Requirements for Flood Defences in Wales](#)) shows capital investment must increase 3.4 times current levels if our existing assets are to keep pace with climate change. Every £1 spent delivers £5 to £13 benefit. Capital also funds investment in gauging stations, ICT systems and services (such as flood warning system), operational plant and fleet and around 17% of our staff salaries.

Revenue funding supports core services – maintenance, monitoring, forecasting, planning advice – but has faced sustained pressure. Between 2022-2025, inflation and pay costs drove NRW's Case for Change programme, delivering £11m of savings, including £1m from flood risk management.

Flood risk in Wales will continue to rise, requiring multi-year budgets, diverse funding sources and wider interventions delivered in partnership with communities and organisations.

### **Asset management: reducing the likelihood of flooding**

#### *Summary key outcomes and benefits:*

- We maintain 3,900 flood assets including 455km of raised defences, reducing the flood risk to 90,000 properties across Wales;
- In 2024/25, we completed over 14,000 asset inspections and over 20,000 maintenance tasks to keep structures fit for purpose;
- We invest our capital budget to replace, upgrade and build new defences;
- We operate our assets during floods (closing gates, installing temporary defences etc) to minimise impacts;
- We focus on the highest risk locations to reduce flooding likelihood.

#### *Opportunities:*

We prioritise maintenance and operational incident response activities based on flood risk, focussing on systems with the greatest benefits. This means less work on assets that protect fewer properties. There is a balance to be struck between proactive maintenance and reactive repairs, which affects asset longevity. Our Long-term Investment Requirements report ([Natural Resources Wales / Long-term Investment Requirements for Flood Defences in Wales](#)) shows that fully maintained defences could deliver £26.6bn in

lifetime benefits. Climate change adds further pressure, requiring us to do more adaptation planning and delivery.

## **Forecasting and warning: reducing the impacts of flooding**

### *Summary key outcomes and benefits:*

- We have 368 flood warning areas, covering 130,000 properties, with flood forecasts for 89 coastal and 112 river locations;
- In 2024 / 25, we issued 622 flood alerts, 217 flood warnings and two severe flood warnings. Floodline handled 1,163 calls, and our flood warnings and alerts webpage had 1,392,763 visits;
- Forecasting provides vital lead time for responders and the public to act and reduce the impacts of flooding. We have invested nearly £6m in a new flood warning system to replace an ageing system and to allow for further enhancements to the service in the future.

### *Opportunities*

Some areas of Wales do not have a specific flood warning service, and improvements in accuracy and timeliness are needed. Continuous improvement and investment are essential to adopt the latest data and capabilities and respond to the changing risks. Enhancing rainfall forecasts and introducing probabilistic forecasting would improve clarity on flood likelihood and strengthen incident preparation. These improvements, in partnership with the Met Office and Flood Forecasting Centre will require additional investment from Wales.

## **Development control: stopping the risks from increasing**

### *Summary key outcomes and benefits:*

- We responded to 2,100 flood risk related planning consultations to prevent inappropriate development on flood plains;
- We issued 204 flood risk activity permits, to regulate works undertaken by others on rivers and avoid worsening flood risk.

### *Opportunities:*

Our advice to planners and developers focuses on developments with the greatest flood risk, fulfilling our statutory consultee role. Limiting inappropriate development in at-risk areas and promoting sustainable development in appropriate locations is critical to reducing future flood risk.

## **Hydrology, hydrometry and telemetry: fundamental data for good decision making and optimising interventions**

### *Summary key outcomes and benefits:*

- We maintain and operate a network of 253 rain gauge stations, 333 river level or flow monitoring stations and 135 groundwater level monitoring stations, with over 600 telemetry outstations for near-real time data;

- Good hydrological data is the key to flood (and wider water) management decisions; enabling accurate risk assessment, cost-effective solutions and appropriate asset design;
- This data is used for a variety of purposes, by NRW and by others, including for the design of flood defences, and for the issuing of flood warnings;
- We are nearing the completion of a £6m investment by Welsh Government in a new telemetry service, to future proof data services.

*Opportunities:*

Continued investment is needed to upgrade, operate and maintain, our Hydrometry and Telemetry services and resources. Expanding further our network would ensure comprehensive data coverage across Wales. This supports good decision-making about investment for the future, to respond to, and adapt to, climate change. The data benefits the entire sector including other Risk Management Authorities, private sector consultants and the public.

**Understanding and analysing flood risk: to manage flood risk, and optimise the interventions and investment, we need to know where is at risk and the extent of that risk**

*Summary key outcomes and benefits:*

- We map and model present and future flood risk to inform, with 274,000 properties in Wales at risk of flooding;
- We provide Wales-wide mapping tools online so that the public and developers can check flood risk and take appropriate action.

*Opportunities:*

We map and model flood risk, prioritised on a risk basis. Detailed modelling helps identify effective interventions. Making more data openly available would allow more people and organisations to make informed decisions and take action to reduce flood risk.

**Community engagement and resilience: helping communities be more aware and take action to help themselves**

*Summary key outcomes and benefits:*

- We maintain key information on our website on what individuals, communities and businesses can do to help manage flood risk;
- We support 76 community flood plans and a network of community flood plan leads;
- Our approach is centred on providing information and resources through our website, working with strategic partners and supporting the flood community volunteer network across Wales, including enabling them to share experience and best practice.

*Opportunities:*

Greater impact could be achieved through stronger partnerships with local organisations best placed to engage with communities. Additional investment would allow us to provide better information and resources and expand collaboration to build resilience.

## **Reservoir regulation: ensuring safety from low-likelihood significant-consequence dam failure and sudden inundation of flood waters**

### *Summary key outcomes and benefits:*

- We regulate 405 reservoirs for compliance with the safety legislation and operate 13 flood storage and 25 other fully compliant reservoirs ourselves.

### *Opportunities:*

We have a statutory duty as the reservoir regulator for Wales. Our aim is that in future this regulatory work is fully funded through permit fees. There are proposed improvements to reservoir regulation (partly in response to the incident at Toddbrook, Whaley Bridge in 2019) which will require additional financial support, delivering greater public safety assurance.

## **Strategic planning: dealing with long term challenges**

### *Summary key outcomes and benefits*

- We manage a capital programme of investment, totalling £236m from 2013/14 to 2024/25, reducing risk to over 7,500 properties across Wales;
- We also manage various programmes of work including Maintenance Programme, Improvements Programme, National Habitats Creation Programme, FRM Research and Development Programme, all of which deliver benefit to communities and partner organisations;
- We plan and monitor FRM performance, with reporting such as our Annual Report, Section 18 reports, NRW's Flood Risk Management Plan and the Long-term Investment Requirements report (all available through NRW's website: [Natural Resources Wales / Flooding reports, evidence and data](#)).

### *Opportunities*

These areas cover strategic, cross-cutting work - capital and revenue investment and expenditure planning, skills development, ICT, biodiversity and habitat creation, natural flood management as well as strategic oversight of flood risk management.

We are assessing how we can deliver more in the areas of *integrated catchment work, nature-based solutions, adaptation and community engagement*. There is scope to explore and optimise our various roles – as an operator, regulator, advisor and facilitator – to work in partnership with a range of organisations including Local Authorities, Water Companies and Welsh Government departments as well as communities. Working with others, we need to identify resources for this vital work and we are developing plans to prioritise investment in these areas.

## **Final comments**

We invest our flood budgets across a range of activities that help reduce flood risks to the people and environment of Wales. We monitor and report transparently on this investment. Like all other public bodies, we work within the budget available and prioritise

accordingly. However, climate change is increasing the scale and complexity of flood risk which demands sustained investment and innovation to keep pace. Our focus will remain on directing resources to the activities and locations that are likely to deliver the greatest benefits.

Llyr Gruffydd MS  
Chair of the CCEI Committee

By email: [Llyr.Gruffydd@senedd.wales](mailto:Llyr.Gruffydd@senedd.wales)

19 December 2025

Dear Llyr,

I hope this finds you well.

At our recent meeting, I agreed to write to you with further details of our approach to aspects of bus franchising – in particular, with regards to our approach in the context of small and medium-sized operators, as well as in relation to learner travel. Please find details in the appendices below.

We reached a real milestone with the Bus Services Bill passing Stage 4 recently. Many thanks to you, the wider Committee, and Members of the Senedd for your work on this important legislation.

Cofion cynnes,



**Vernon Everitt**  
Chair, Transport for Wales

## **Appendix 1: Briefing Note for CCEI Committee on Bus Franchising – Small and Medium-Sized Enterprises (SMEs)**

### **Context**

The bus operator market in Wales is diverse with a number of UK national / multinational companies (such as First, Stagecoach, Comfordelgro), municipal bus companies (Cardiff and Newport), community transport operators, and a large number of SMEs.

Many SMEs are not solely dedicated to providing local bus services. They often also offer commercial services such as coach tours and excursions, rail replacement buses and learner travel. In many rural areas, the majority of services are provided by SMEs. The national and multinational operators typically focus on scale – where depots are larger and services operate on mostly urban or inter-urban routes.

### **Approach**

TfW's objective is to sustain a thriving SME sector under franchising by doing everything possible to make our processes simple and straightforward. There could be many reasons why certain SMEs choose to exit but we are working hard to ensure that franchising alone, and of itself, should not be one of them.

To achieve this, TfW has engaged SMEs through working closely with the Confederation of Passenger Transport UK (CPT) – which represents around 800 bus companies – and the Coach & Bus Association Cymru (CaBAC) – a trade association for the coach and bus industry in Wales. TfW has also engaged directly with SMEs themselves.

This engagement has enabled TfW to hear directly from operators and has shaped our approach by:

- Determining the nature and location of market engagement sessions to specifically target SME operators.
- Reviewing the franchise packages to make them more attractive to the SME market, and ensure they are of a scale that works for SMEs.
- Considering differences in the procurement timescales for large and small packages to ensure they are appropriate for the different markets they are targeted at.
- Proposing a familiar approach to market through the dynamic market (further detail below) that minimises the risk of smaller operators failing to join the procurement.
- Providing support to SMEs including through Business Wales.

Our procurement strategy has focused on the following areas to ensure SMEs have the greatest opportunity to continue to thrive:

- Route to Market and Market Entry.

- Dynamic Market Structure.
- Insurance.
- Tender Process.
- Market Engagement.

### **Route to Market and Market Entry**

We have elected to follow a 'dynamic market approach' as our route to market.

This choice is based on the simplicity of the process which is familiar to SMEs in Wales as it is the most similar process to that which many Local Authorities have used for their procurement in the past.

Dynamic markets are essentially a list of qualified suppliers who can provide a particular range of services. There is generally a relatively low threshold for qualification – requiring some level of legal, financial and technical ability to fulfil a public sector contract.

The dynamic market remains open to new suppliers joining or leaving the list at any time across the market's lifetime, and there is no limit on the number of suppliers that can join a dynamic market. This means that missed deadlines for joining are avoided.

The tender process is run across the full list of suppliers who have added their organisation to the list.

### **Dynamic Market Structure**

Developing our approach to how we package the network – identifying the specific route(s) that form the scope for operators to bid for – was focused on three key criteria, ensuring packages that:

- Exhibit operational efficiency,
- Support the existing SME market, and
- Generate acceptable competition.

This package design has resulted in a high number of packages, some of which have as few as two buses. It ensures that there are plenty of suitable packages – of the size, scale and locality necessary to support SMEs.

### **Insurance**

Whilst our approach to insurances has not yet been finalised, we are intending to require different levels of insurance – ensuring smaller packages have a proportional approach to insurance requirements. This reflects our understanding that insurance is one area that can exclude SMEs. We do not expect a lower standard of safety from SMEs.

### **Tender Process**

Tenders will be launched for South West Wales in June 2026. The tender process that supports the dynamic market described above is still being developed. TfW is focused on developing processes that are: simple; clear for SMEs; that reduce barriers to entry, costs of bidding, and contract compliance. The approach will be tested in forthcoming formal market engagement events, and Business Wales will continue to attend our engagements to ensure SMEs understand the support that is available to them.

### **Market Engagement**

For the last 12 months, TfW has held regular engagement sessions with operators that focused on our overall approach and addressed specific issues (such as the approach to depots, fleet, incentives and customers within the franchising environment). These have been attended by both large operators and SMEs as well as CPT and CaBAC which have formed a key route for feeding back operators concerns. We have also engaged with wider organisations such as the Community Transport Association and UK Coach Operators Association.

On 20<sup>th</sup> November we began our formal market engagement. More than 40 operators have attended, many of whom are SMEs. The market engagement was a two-stage process. Firstly, explaining the immediate needs of the dynamic market. Secondly, sessions on the tender process itself where content was differentiated between larger and more complex packages, and the potentially simpler SME packages. We specifically sought feedback on the packages we developed and are now in the process of considering that feedback.

## **Appendix 2:**

### **Briefing Note for CCEI on Bus Franchising – Learner Travel**

TfW recognises that while Local Authorities retain responsibility for learner travel it must be considered as part of the whole system in relation to one network, one timetable, one ticket.

In working with Local Authorities to develop the base network we have sought to maximise the volume of school transport movements on public transport – therefore minimising the use of closed school transport – while recognising that the services need to remain attractive to all passengers, and that local bus services are not suitable for all school movements (e.g. where closed school buses are used for safeguarding reasons).

As part of stage two of the Bus Bill scrutiny, two amendments were agreed to ensure that learner travel integration continues to form a key role in the development of the Welsh Bus Network Plan. TfW's approach continues to be shaped by the intent of these amendments to ensure that the franchise network supports learner travel in a range of ways.

We recognise that different authorities take different approaches to learner travel which sometimes changes the emphasis. However, the following are the key features of how we include learner travel in our network:

- Ensuring the network and timetable provides routes that allow learners to use the local bus service to travel (especially relevant for colleges in some areas). This includes routes that meet wider needs but includes appropriate stops at the times required for schools and colleges.
- Designing our network, where appropriate, to leave space in the timetable to allow the franchised local bus service to cease and a Local Authority contracted closed school service to operate – allowing cost efficiency through the same bus and driver providing the same service.
- Reviewing existing closed school services to ensure that there is no further benefit that can be delivered by modifying the network to replace these closed services.
- Including in the franchise network routes that are solely to provide learner travel. For example, in South West Wales, the 243 Pensarn to Queen Elizabeth High School in Carmarthen is currently a commercially operated service operating on school days only, providing a single service in each direction for school start and finish, and has been maintained within the proposed base network. There are similar routes in other areas including Cardiff and Newport.

There are also a number of wider factors that we are considering to ensure successful learner travel, including the capacity of vehicles – for example, in Swansea, double decker buses are used on the routes serving the university – and

ensuring that our approach does not adversely impact SMEs who often provide closed school buses as well as delivering local bus services. The nature of learner travel means that local bus services cannot fully replace closed bus and taxi services. However, we work with collaboratively with Local Authorities to maximise the appropriate use of local bus services for learner travel.

# Agenda Item 3.4

Y Dwyllgor Deisebau

## Petitions Committee

Llyr Gruffydd MS,  
Chair,  
Climate Change, Environment, and Infrastructure Committee

## Senedd Cymru

Bae Caerdydd, Caerdydd, CF99 1SN  
Deisebau@senedd.cymru  
senedd.cymru/SeneddDeisebau  
0300 200 6565

## Welsh Parliament

Cardiff Bay, Cardiff, CF99 1SN  
Petitions@senedd.wales  
senedd.wales/SeneddPetitions  
0300 200 6565

10 December 2025

Dear Llyr,

### Petition P-06-1521 Give park home residents in Wales the right to a water meter

The Petitions Committee met on 24 November and considered the above petition, submitted by Sam Swash.

The Committee noted the responses from Ofwat and Dŵr Cymru, which expressed sympathy with the petitioners while also outlining their limitations on the issues raised.

Members agreed to write to Dŵr Cymru regarding the additional concerns raised by the petitioner, to draw these concerns to the attention of the Cabinet Secretary, and to highlight the petition to you as Chair of the Climate Change, Environment and Infrastructure Committee. The Committee has also encouraged the petitioner to engage directly in the consultation on the UK and Welsh Government's White Paper on water reforms.

The full details of the Committee's consideration of the petition, including the correspondence and the actions agreed by the Committee can be found here: [P-06-1521 Give park home residents in Wales the right to a water meter](#)

I would be grateful if you could send any response by e-mail to the clerking team at [petitions@senedd.wales](mailto:petitions@senedd.wales).

Yours sincerely



Carolyn Thomas MS  
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

# Y Pwyllgor Deisebau Agenda Item 3.5

## Petitions Committee

Llyr Gruffydd MS,  
Chair,  
Climate Change, Environment, and Infrastructure Committee

6 January 2026

Dear Llyr,

### Petition P-06-1541 Produce a Clean Water Bill for Wales and for Welsh Rivers

The Petitions Committee met on 8 December and considered the above petition, submitted by Save the River Usk.

The Committee agreed there was nothing more the Petitions Committee could do, other than to highlight the petitioners' views and legislative proposals to the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and to you as the Chair of the Climate Change, Environment, and Infrastructure Committee, as the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill remains under scrutiny. Having done so, it was agreed to close the petition.

Members agreed that water quality and flood management should be priority themes to include in the Committee's legacy report to the next Senedd.

The full details of the Committee's consideration of the petition, including the correspondence and the actions agreed by the Committee can be found here: [P-06-1541 Produce a Clean Water Bill for Wales and for Welsh Rivers](#)

I would be grateful if you could send any response by e-mail to the clerking team at [petitions@senedd.wales](mailto:petitions@senedd.wales).

Yours sincerely



Carolyn Thomas MS  
Chair

## Senedd Cymru

Bae Caerdydd, Caerdydd, CF99 1SN  
Deisebau@senedd.cymru  
senedd.cymru/SeneddDeisebau  
0300 200 6565

## Welsh Parliament

Cardiff Bay, Cardiff, CF99 1SN  
Petitions@senedd.wales  
senedd.wales/SeneddPetitions  
0300 200 6565

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

# Y Pwyllgor Deisebau Agenda Item 3.6

## Petitions Committee

### Senedd Cymru

Bae Caerdydd, Caerdydd, CF99 1SN

Deisebau@senedd.cymru

senedd.cymru/SeneddDeisebau

0300 200 6565

### Welsh Parliament

Cardiff Bay, Cardiff, CF99 1SN

Petitions@senedd.wales

senedd.wales/SeneddPetitions

0300 200 6565

Llyr Gruffydd MS,

Chair,

Climate Change, Environment, and Infrastructure Committee

6 January 2026

Dear Llyr,

**Petition P-06-1552 Stop building industrial solar 'farms' close to residential buildings and within village boundaries**

The Petitions Committee met on 8 December and considered the above petition, submitted by Cai Williams.

The Committee noted that there was ongoing consideration of the siting of solar panels and expressed sympathy with the concerns of local residents, but concluded that it was a matter to take up with the appropriate planning authorities. Members agreed the petition should be highlighted with you as the Chair of Climate Change, Environment and Infrastructure Committee.

In doing so, the Committee agreed to close the petition and thank the petitioner.

The full details of the Committee's consideration of the petition, including the correspondence and the actions agreed by the Committee can be found here: [P-06-1552 Stop building industrial solar... 'farms' close to residential buildings and within village boundaries](#)

I would be grateful if you could send any response by e-mail to the clerking team at [petitions@senedd.wales](mailto:petitions@senedd.wales).

Yours sincerely



Carolyn Thomas MS

Chair



Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Llyr Gruffydd MS,

Chair,

Climate Change, Environment, and Infrastructure Committee

6 January 2026

Dear Llyr,

Petition P-06-1553 Increase investment and action in nature-based flood management to protect Welsh communities

The Petitions Committee met on 8 December and considered the above petition, submitted by Menna Roberts.

The Committee considered the petition and agreed that youth ambassadors should play a leading role on this issue. Members noted the constructive engagement from petitioners with the response from the Cabinet Secretary for Climate Change and Rural Affairs, and agreed to forward the petitioners' points to the Cabinet Secretary.

The Committee also agreed to share the petition with you as the Chair of the Climate Change, Environment and Infrastructure Committee (CCEI) for information, and to include water quality and flood management as priority themes in its own legacy report.

Additionally, Members noted research being conducted at Bangor University's School of Environmental and Natural Sciences and the Birmingham Institute for Forestry Research, and agreed to ensure petitioners are informed of this work.

The full details of the Committee's consideration of the petition, including the correspondence and the actions agreed by the Committee can be found here: [P-06-1553 Increase investment and action in nature-based flood management to protect Welsh communities](#)...

I would be grateful if you could send any response by e-mail to the clerking team at [petitions@senedd.wales](mailto:petitions@senedd.wales)..

Yours sincerely



Carolyn Thomas MS  
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.  
We welcome correspondence in Welsh or English.



# Agenda Item 3.8

**From:** Matthew Kay  
**Sent:** 12 December 2025 10:40  
**To:** Gruffydd, Llyr (Aelod o'r Senedd | Member of the Senedd); Climate Change, Environment, and Infrastructure Committee | Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith  
**Subject:** Welsh Deposit Return Scheme

Dear Llyr,

I am writing to you in your role as Chair of the Senedd Climate Change, Environment, and Infrastructure Committee on behalf of British Glass, the Trade Association for UK glass manufacturing, to express our concerns regarding the Welsh Government's proposal to include glass beverage packaging within its Deposit Return Scheme (DRS), which it is currently seeking an exemption from the UK Internal Market Act for.

We fully support efforts to improve recycling and sustainability, but we believe that including glass in the Welsh DRS will lead to unintended negative environmental and economic consequences. Glass recycling in Wales already exceeds 90%, primarily through effective curbside collections. Introducing glass into the DRS, especially with a zero deposit, will not improve recycling outcomes but will impose significant costs on producers and retailers without the usual mitigating factors (e.g., unredeemed deposits). These costs could lead to:

- Delisting glass products in Wales, reducing consumer choice.
- Switching to alternative packaging materials, many of which are less recyclable and have higher environmental footprints than glass.

Both the UK and Welsh Governments have made it clear that reuse systems are the long-term ambition, and British Glass is happy to be involved in these conversations, however inclusion of glass in DRS is a hindrance, rather than a stepping stone, to these ambitions. Material collected in a DRS is not reused and the capital investment required for the DRS systems will mean time is needed to see a return on this before then investing in reuse systems. Rather than doing so, producers are more likely to switch to plastics or composite materials, undermining circularity. Also, as DRS materials do not pay packaging Extended Producer Responsibility (pEPR) fees there is no incentive to move into reuse to avoid these fees.

Further, impacts on the Packaging Recovery Note system and the reduction in glass use generally will, we believe, mean less glass is available for remelting into new products, increases the use of raw materials, and therefore the environmental impact, of glass manufacturing. We also have concerns regarding the steps, processes, and level of consultation that has been undertaken by the Welsh Government on the matter.

We would welcome the opportunity to provide further details and speak to yourself and/or a representative of the committee.

Yours,

Matthew Kay  
*Glass Packaging Policy Lead*  
British Glass

# Agenda Item 3.9

## FAO Climate Change Committee - Ref investigation Into Renewables Figures

Dear Llyr Gruffydd, Janet Finch-Saunders, Delyth Jewell, Julie Morgan, Carolyn Thomas, Joyce Watson,

Following on from my letter sent to you on 06<sup>th</sup> September 2025:-

The homes supplied figures are used regularly as a selling point in articles, in the public domain, relating to these renewable energy developments. Regardless of Planning Policy Wales Edition 12, These articles have been, and will continue to, mislead the public into believing the developments can actually supply the homes stated.

Just some of the many misleading articles below:-

### Steffan Messenger

Environment correspondent, BBC Wales News

22 October 2024

**A new wind farm south of Newtown in Powys, capable of generating enough electricity for around 69,000 homes has been given the go-ahead by the Welsh government.**

Developers EDF Renewables UK called the decision a "major step forward" for combatting climate change in Wales.

The Garn Fach scheme had been held up over objections from government officials and the environmental regulator over its potential impact on peatland.

While acknowledging that these carbon-rich soils were "irreplaceable", energy secretary Rebecca Evans ruled that there were "wholly exceptional circumstances" why the project could proceed.

07 Nov 2024

Nation Cymru

### Martin Shipton

Changes to the Welsh Government's planning policy have resulted in permission being granted for a hugely controversial wind farm that was opposed by some of its own civil servants.

Rebecca Evans, the Cabinet Secretary for Economy, Energy and Planning, agreed with a planning inspector that Bute Energy should be allowed to build Twyn Hywel Energy Park at Senghenydd, near the border between Caerphilly and Rhondda Cynon Taf county boroughs.

The wind farm will consist of 14 turbines, generating 92.4MW of energy – enough to power the equivalent of 81,000 homes every year. It's the first of 16 onshore wind projects across Wales proposed by the company.



### Manmoel windfarm approved by minister Rebecca Evans

22ND OCTOBER 2024 ENVIRONMENT LOCAL GOVERNMENT PLANNING AND DEVELOPMENT



By Elgan Hearn  
Local Democracy Reporter



Concerned About Your Health / Older? Compare Private Insurance Usay Compare



Ms Evans said: "I agree with the inspector's appraisal of the main considerations, the conclusions of the inspector's report and the reasoning behind them, and I accept the recommendations.

"Therefore, I hereby grant planning permission subject to conditions."

Cenin Renewables has said that the proposed development could generate around 61,320 megawatt hours (MWh) of electricity per year.

This is equivalent to the annual electricity needs of 19,250 average UK homes or approximately 59 per cent of households in Blaenau Gwent.

ENVIRONMENT LOCAL GOVERNMENT PLANNING AND DEVELOPMENT

These developments are misrepresented as strategic importance.

**Ofgem Median Home Consumption Figures Below** Annual 14, 200 kWh with around 80% being gas (energy) 11,500 kWh – so this needs to be shown in the developers figures and reduces there estimates to around 20% of Homes they say they can supply.

### Typical Domestic Consumption

Caps on energy prices, like the Energy Price Cap or the Energy Price Guarantee, limit the cost of energy per kWh. Sometimes the typical values below are used to explain what bills might look like for homes with low, medium and high energy use.

#### Typical values

The energy price cap is calculated using the values below.

Energy Use	Example – home type and number of residents	Typical annual gas use (kWh)	Typical annual electricity use (kWh)	Typical annual electricity use (multi-rate, such as Economy 7) (kWh)
Low	Flat or 1-bedroom house; 1 to 2 people	7,500	1,800	2,200
Medium	2-3 bedroom house; 2 to 3 people	11,500	2,700	3,900
High	4+ bedroom home; 4 to 5 people	17,000	4,100	6,700

**Google:- Ofgem median home energy figures**

**Answer:- Ofgem's median (or typical) figures for UK households, updated in October 2023, are 2,700 kWh of electricity and 11,500 kWh of gas per year for a medium-sized home (2-3 people), reflecting lower usage trends. These figures, known as Typical Domestic Consumption Values (TDCVs), are used to calculate the energy price cap.**

**Google:- Do Beis and Densz use Ofgem annual homes supplies figures in UK?**

**Answer:- Yes, both the former Department for Business, Energy & Industrial Strategy (BEIS) and its successor, the Department for Energy Security & Net Zero (DESNZ), use annual homes supplies figures and other data collected and published by Ofgem to compile UK energy statistics and manage energy scheme.**

So you now have the Supporting Evidence of homes supplied figures.

## **Load Factors**

The developers are totally inflating the Onshore Load factors, with some above 40% ? ( this is not 'Real World performance' based information), this is more corrupt information - which intern inflates the number of homes supplied figures implying more output. This is public deception.

### **The real onshore load factors:-**

**Renewables UK Onshore Load Factor 26.34%**

#### **Load factors**

The load factor is the actual output of a turbine benchmarked against its theoretical minimum output in a year.

The load factor is calculated by RenewableUK as a rolling average of the past five years using data (on an Unchanged Configuration Basis) from the [Digest of UK Energy Statistics](#) published by the Department for Energy Security and Net Zero, using stats 2019-2023 (released in July 2024):

- onshore wind: 26.34%
- offshore wind: 40.58%
- DESNZ "all wind" (onshore + offshore): 30.82%

### **Google:- Neso Onshore Load Factor**

**Answer:-** NESO (National Energy System Operator) uses **onshore wind** load factors, typically around **25-28%**, as key inputs for grid planning, though they can vary by site and year, with recent UK figures showing **~25.3%** while some analyses suggest slightly higher generic assumptions (around 30-31%) for future projections, though actual fleet performance often hovers lower due to curtailment issues and weather variations,

### **Google:- Ofgem onshore load factor**

**Answer:-** Ofgem and the National Energy System Operator (NESO) use specific **onshore wind load factors** in their calculations for the Renewables Obligation (RO) and network charging (TNUoS). The most recent figures vary by region and purpose, but generally fall within the **24.8% to 27.9% range**.

### **For Renewables Obligation (RO) Calculations**

The Department for Energy Security and Net Zero (DESNZ), using data published by Ofgem, calculates load factors to determine the level of the Renewables Obligation. The figures for the 2026 to 2027 obligation period, based on a capacity-weighted average of generation data from April 2017 to March 2025, are:

**England: 26.0% Wales: 27.3% Scotland: 25.2% Northern Ireland: 24.8%**

So you now have supporting evidence for **Actual** load factors. None of the realistic load factors are even close to the misleading 40% + figures some developers have been claiming in the public arena. Also a Wind farm rated 55MW is not a constant 55MW and could only provide that output if the wind was blowing consistently 24 hours a day, 365 days a year. The public need to see the real energy output, not inflated figures.

## Capacity Decrease

Please see ( attached ) Gordon Hughes 2 study reports into UK & Danish wind farms, showing clear evidence of Capacity Decrease and increasing costs of wind farms . These are in depth fact based detailed reports that reveal, in depth, the drop of output in a short period of time. The maximum these wind farms will make is up to 15 years before the maintenance costs will exceed the gains. With some developers claiming 35 years, again deceiving the public.

## Lack of Continuity among Government officials In the planning process and decision making

The emails response below implies the public can question the homes supplied?

Email received from PEDW 03/03/2025:-

Bore da.

Thank you for your E-Mail below.

As you are aware, the deadline to submit a representation in relation to the Application was 10 February 2025. As the deadline has now passed PEDW cannot accept any further representations. I am therefore writing to inform you that unfortunately your E-Mail below has been disregarded.

As you are also aware, the appointed Inspector has already requested further information from the Applicant. Any further information submitted by the Applicant will be the subject of a further period of consultation, restricted solely to the further information.

Ultimately, any decision as to whether to request further information is a matter for the Inspector.

Diolch, Rhys

Swyddog Gwaith Achos Seilwaith / Infrastructure Case Work Officer

Penderfyniadau Cynllunio ac Amgylchedd Cymru (PCAC) / Planning and Environment Decisions Wales (PEDW)

Llywodraeth Cymru / Welsh Government

Adeilad y Goron / Crown Building

Parc Cathays / Cathays Park

Caerdydd / Cardiff

CF10 3NQ

✉ PEDW.Seilwaith@llyw.cymru / PEDW.Infrastructure@gov.wales (Gwaith Achos DAC / DNS Case Work)

☎ Ymholiadau Cyffredinol / General Enquiries – 0300 123 1590



Email Received 02/10/2025:-

Thank you for your reply and for your letters to the Cabinet Secretary for Economy, Energy and Planning, and the Cabinet Secretary for Climate Change and Rural Affairs. Please consider this as a response to all three.

We appreciate your detailed correspondence and recognise several of the issues you've raised. These concerns are reflected in our approach, which is why our targets are designed to incorporate a broad mix of renewable energy sources.

Regarding the planning aspect of your query: It is the responsibility of the parties involved in a case to present their own evidence or challenge that of others during the relevant representations period.

Each DNS application is assessed on its individual merits. When Inspectors make their decisions or recommendations to Welsh Ministers, they consider all submitted representations and undertake a balancing exercise—giving appropriate weight to each matter—to reach a reasoned conclusion.

We encourage you to engage in the planning process, where your concerns about specific projects can be considered by the most appropriate decision-makers.

Yours sincerely

The Energy Policy Team

In a PEDW letter dated 17/02/2025 Cenin Solar Farm the inspector, H Davies, refers to a request for Calculations for Homes Supplied and Carbon consumption from the developer:-

Road might be coordinated with the adjacent proposals.

### ***Generating capacity and carbon reduction***

The application provides estimates of the generating capacity of the scheme and the equivalent number of homes that could be powered. A calculation of the expected annual and lifetime electricity output could also be provided together with an explanation of how these figures are derived from the capacity figure. To better understand the carbon impact of the scheme a carbon balance assessment would be useful, which accounts for the carbon consumption of the project (including manufacture of panels and infrastructure, construction and decommissioning work, and any replacement and repair necessary over the lifetime of the project) as well as the carbon reduction effects based on the anticipated electricity generated.

However this development was approved without this information being presented by the developer?

In a Rebecca Evans letter dated 30/10/2025 it references the developers using 'Homes Supplied' in their planning application evidence and the use of **average** Load Factors ( which the developers are not using and instead inflating ):-

Thank you for your letter about renewable energy generation figures used in support of applications for Developments of National Significance and in developer public communications.

Welsh Government planning policy does not mandate a specific methodology for use when developers estimate "homes supplied" in their planning application evidence or when they publish information about their development proposals. There are, however, standard formulae for estimating homes supplied which are commonly used by industry when presenting evidence.

Typically, homes supplied calculations calculate estimated MWh (Megawatt hours) generated per year by the development (which includes a 'load factor' to account for the specific technology and any operating limitations of that technology), divided by average household electricity consumption in kWh per year to give the estimated homes supplied. Average household electricity consumption can vary from year to year both nationally and on a country/regional basis.

The Department for Energy Security and Net Zero (DESNZ) provides data which developers can use in their calculations. DESNZ publishes annual [Subnational Electricity Consumption Statistics](#), which include figures for domestic energy consumption, and the [Digest of UK Energy Statistics \(DUKES\)](#) which includes average load factors for different energy technologies. Also, RenewableUK, the trade association representing the renewable energy industry, publishes wind energy statistics on its [UK Wind Energy Database website](#). The RenewableUK website includes information on calculating homes powered (homes supplied) and load factors, indicating that these are modelled using UK Government data.

And the requirement for the information to be accurate? ( Which of course it is not ) :-

It is incumbent on a developer to ensure that they present sufficient and accurate evidence to support any application for Development of National Significance (DNS) which is submitted to Planning Environment Decisions Wales. Inaccuracies or omissions in evidence may delay or undermine the DNS process or affect the final outcome. The planning process must be satisfied that submitted information is both acceptable and materially relevant to inform the assessment of a proposal. Guidance on DNS procedures and community engagement are set out on the Welsh Government's [Developments of national significance \(DNS\): guidance](#) page.

In a response Email 25/11/2025 the reply changes and states there is no requirement for Homes Supplied?:-

Thank you for your response. You are correct that a 'homes supplied' calculation is not a formal requirement within the DNS process. Instead, applications are assessed based on planning policy, environmental impact, and local impact reports.

Further details can be found in the Welsh Government's guidance: [Developments of National Significance \(DNS\): procedural guidance](#).

Yours sincerely,

The Energy Policy Team

Again in a Rebecca Evans reply 08/12/2025:-

climate change. Whilst planning decisions do not allocate or set targets for homes supplied by renewable energy development, the policy context is supportive in principle to renewable energy development.

There is no continuity in this process. Different people are saying different things? Why would the inspector ask for information relating to the homes supplied, if it is not a requirement?

I have also shown in my previous correspondence the blatant ignorance of PEDW and indeed NRW in relation to the peat at the chosen development sites and shown them clear 'Robust evidence' that the developers are submitting fabricated peat depth report maps. With Some, for example, Cenin Solar Farm at Cil Lonydd recently Approved By PEDW despite being in full knowledge of the developers deception, on-site mines and without the development even having a point of connection into the grid?

The figures the developers are using are bogus.  
This current process is not working. It's Corrupt and incomplete with inconsistencies.

I would like to know in detail how you can possibly tell you are hitting energy targets without any accurate output figures from the developers?

You now have all the information you require to order a full and complete investigation into Wind and Solar Farms. The 'no requirement' to look at these figures just supports the corruption.

If you are sure that everything is legit, then important details such as, the Ofgem Median Home figures need to be part of the process. If not a mandatory part of the process, this needs to be altered with immediate affect. Anything else falls short and is guesswork.

I understand the Climate Change committee scrutinise Government processes and procedures. The points I have raised above need to be included in the process. Currently PEDW have free reign to avoid important details and have even been overridden by Rebecca Evans, making their part of the process pointless?

Changes need to be Urgently made and debates need to be held in Senedd in order to address these issues. Avoidance is no longer an option and only serving to show corruption by doing so.

I would hope that you could help push for a debate and changes on these topics?

I know the public are increasing frustrated with the unjustified endless assault on the Welsh Countryside, which has only increased energy bills. There is no justification - the figures are bogus!

I will look forward to the committees response.

Thank you

sincerely,

Matt Davies    January 06<sup>th</sup> 2026

# Agenda Item 6

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted