



# Natural England

## Annual Report and Accounts

1 April 2023 to 31 March 2024

HC 913

# Natural England

Annual report and accounts  
1 April 2023 to 31 March 2024

Presented to Parliament pursuant to Paragraph 25 of Schedule 1 to the  
Natural Environment and Rural Communities Act 2006.

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More information on our work, including statistics on subjects in this review, can be found on our website [gov.uk/natural-england](https://gov.uk/natural-england)

## Chair's foreword

We have seen some welcome signs of collective commitment emerging during 2023-24 in relation to tackling the twin emergencies of climate change and Nature depletion.

The significant steps taken to protect Nature at Montreal – which Natural England was pleased to support – set the tone for the Conference of Parties (COP) 28 climate summit in Dubai, where nations agreed for the first time on the need for a worldwide journey away from fossil fuels, in addition to acknowledging the importance of "protecting, conserving, restoring and sustainably using Nature...for effective and sustainable climate action". These agreements provide the context and impetus for action at home.

### Domestic progress

In this country there is a clear intention to provide international leadership in recovering Nature, not least through the targets to halt species loss and protect 30 per cent of land and sea by the end of this decade.

Natural England is convening partnerships across society, encompassing non-governmental organisations (NGOs), farmers, businesses, communities, government and academia, to drive progress on reversing Nature's decline, as required by the Environmental Improvement Plan (EIP23). We have been helped this year, as in recent years, by ongoing government support and investment for Nature and people's enjoyment of it, which has seen our budget and workforce grow accordingly.

I am very pleased that we have been able to translate this resource into major advances for Nature recovery on land and sea through significant, landscape-scale partnership projects. The King's Series of National Nature Reserves (NNRs), launched in May with royal support to bring forward 25 NNRs over a five-year period, typifies this approach. A tribute to His Majesty's lifelong championing of the natural environment, these reserves will demonstrate the shift from protecting the Nature we have to helping it to thrive on a landscape scale, for the benefit of people. The first in the series, Lincolnshire Coronation Coast NNR, was declared in September and will make 33 sq. km of sand dune, marsh and mudflat – and their rich array of wildlife – more accessible to some of the 10 per cent most deprived neighbourhoods in England living within walking distance of the reserve.

Further ambitious projects on a similar scale were unveiled during the year, all of which can help to move the dial for Nature from decline to recovery. Six new Nature Recovery Projects will cover an area the size of Hertfordshire, stretching from the peatlands of Cumbria to the chalk streams and grasslands of Kent and Sussex. These, in addition to the 34 projects funded through the second round of the Landscape Recovery scheme, will support the growing Nature Recovery Network (NRN), which is a central commitment of the 25 Year Environment Plan.

In the marine world, we published the English Seabird Conservation and Recovery Pathway, so we can make measurable progress in reversing the decline of fragile populations, and helped restrict the most damaging fishing gear over rock and reef habitat within 13 Marine Protected Areas, an area greater in size than the Lake and Peak Districts combined.

Our Connecting People with Nature team has established important links across government to help Nature become central to policies and investment relating to health, education, planning and transport, so that people are better able to experience the natural world, and the health and wellbeing benefits it provides, especially in urban settings.



Tony at Lannock Farm, Weston, Herts. which is dedicated to regenerative agriculture, photographed by Graham Tibbetts.

A major new Site of Special Scientific Interest (SSSI) in Cornwall was confirmed by the Natural England Board, West Penwith Moors and Downs. Covering more than 3,000 hectares including 4,000-year-old field systems, it shows how wildlife has flourished under a combination of generations of low-intensity farming activity and the naturally occurring habitats and species. Although it had been one of the most special places for Nature in England yet to be protected, the process of confirming it as meriting SSSI status was a difficult one for many of the farmers and land managers who live and work there. We are working closely with them to find joint solutions, but the issue touches on some of the difficult choices that will need to be taken at various levels of government, business and society if we are to reach our statutory goals, as well as the need for greater synergy between SSSIs and incentives for managing them. Farmers are central to progressing Nature recovery as well as being at the frontline of climate change, and we are committed to working with them to support Nature-friendly farming. Our relationship with them is crucial, and we are reviewing any lessons we can learn from the SSSI work at West Penwith and at Dartmoor in Devon to ensure that we can provide the best possible support for them and for Nature.

## **Sustainable development**

The issue of how we, as a nation, can pursue our ambitions for Nature while meeting our food production needs was echoed in the relationship between Nature and development. Through a variety of innovative schemes, Natural England has been demonstrating that Nature should not be pitted against new homes or infrastructure, because we can and must have both. By putting Nature at the heart of plans, we can enable the creation of beautiful, sustainable urban places where people can live, work and benefit from the health and wellbeing that thriving Nature provides, while also maintaining progress towards our statutory targets. Biodiversity Net Gain (BNG) is a vital tool in this regard and, with it having become mandatory for all major developments in February, it will ensure that building projects support rather than harm Nature. Through creating places that are close to Nature we can mitigate the impacts of climate change and biodiversity loss and improve the health outcomes for our population.

During 2023-24 the Natural England Board maintained its focus on Nature recovery and enabling Natural England's biggest asset – our workforce – to be in the best possible shape to deliver that. Our staff's dedication in continuing to deliver is outstanding and fully recognised by the Board.

## **Looking ahead**

Although it has felt like a year of significant achievements, looking to the future, a number of challenges and opportunities lie ahead of us. The further political changes following the July 2024 election mean our work will be shaped by the priorities of a new government, including the focus on development and economic growth. Pressures on the public purse are growing, which means the 2025 Spending Review is likely to require us to achieve even more efficiencies and target effort where impact will be greatest. The urgency of the 2030 statutory targets grows, and the Office for Environmental Protection (OEP) gave a sobering assessment of progress towards them, indicating to us all that the pace of delivery needs to increase.

All of this reinforces the need to continue with our mission of building partnerships for Nature's recovery with renewed vigour in the year ahead.

Tony Juniper CBE  
Chair  
Natural England

# Chief Executive's statement

In 2023-24, we moved into the third year of implementing our strategy, [Building Partnerships for Nature Recovery](#). Consolidating our growth over the last two years, with budget and recruitment to reflect new areas of work, the year also saw the introduction of new tools to drive nature's recovery. We supported the launch of BNG for major developments through our operation of the credit sales service and statutory register, and we continued to support local authorities develop their Local Nature Recovery Strategies.



Marian Spain. Photo credit: Joshua Snape.

It was a year in which many of those with whom we work faced unprecedented pressures, including supply chain shocks and extreme weather that hit many farmers badly; and cost-of-living pressures affecting not just our own staff, but also the local authorities and environmental NGOs with whom we work. World events and political changes also created a shifting context for our work, and the UK was not immune to these changes. All of this required us to be more agile and responsive in how we work, our relationships with stakeholders.

## Our people

In year, as our remit shifted, we created new posts that worked on: Natural Capital and Ecosystem Assessment (NCEA), BNG and Nationally Significant Infrastructure Projects (NSIP).

We continued to invest in our people with over £1.45 million spent on learning and development. The pace and nature of the changes we need to make are reflected in the skills we have brought into our workforce, including data and digital, communications and engagement and project management, which complement and support our core expertise in nature recovery. Recruitment also allowed us to make small but important steps to increase the diversity of our workforce. We maintained our focus on improving staff wellbeing, workload and Health & Safety (H&S) by delivering new training and rolling out a new reporting app, with a continued focus on behaviour change to embed a healthy H&S culture in the year ahead.

Cost-of-living hit Natural England staff hard, in common with many other public sector workers, and pay remains a challenge. We were pleased to be able to use government support to make a one-off payment and were able to secure some pay flexibility, meaning many of our staff received a pay rise that matched inflation for the first time in many years. Work continues as we roll out our new staff framework to ensure all staff have clarity on their role.

Despite all these challenges our staff remain engaged, committed, and bring huge energy, expertise and experience to their work on nature recovery every day. I am hugely grateful to every single one of them.

## The organisation

Our budget has grown this year, up by 27 per cent compared to 2022-23, but that masks the fact that the proportion of our funds for our "baseline" core work shrinks, with most new funds assigned only to new activity. We have therefore invested in reforms to how we carry out many of those reactive services, for which demand continues to grow. We have had to further prioritise cases, such as planning, with which we engage in detail.

The year saw changes in the Ministerial team and sponsorship arrangements, and we continued to work closely with the Department of Environment, Food and Rural Affairs (Defra), delivering programmes such as Catchment Sensitive Farming on behalf of the department. We aligned our key performance indicators to ensure that we focused on delivery against the then government's priorities and EIP targets.

As the scale and complexity of our work has grown, we have invested a greater proportion of our resources into business management and change capability. We are dependent on the level of service from our business partners in Defra Group Corporate Services who provide finance, property, HR, commercial, communications and digital services. In common with other arm's length bodies (ALBs), we are increasingly feeling the squeeze on their resources and are working to ensure our needs are better addressed within the overall Defra programme. This resource squeeze has been felt particularly in digital where the lack of investment is constraining our ambitions to streamline many of our customer-facing services such as licensing.

We continued to drive shared environmental outcomes with fellow ALBs. In 2023-24 we brought our staff together with the Environment Agency and Forestry Commission colleagues to discuss our Shared Ambition for Water. We committed to working closely together to align our plans for places and bringing together our collective powers to restore water catchments and other nature outcomes.

As we have moved forward to deliver on more ambitious environmental outcomes, our awareness of the wider pressures on certain sectors such as farming has grown. The increased complexity of Natural England's work has highlighted the importance of building skills and capacity in stakeholder engagement. We will continue to invest in stakeholder management and customer service, ensuring our staff can act with empathy and understanding to help our customers to support change.

## **Key achievements**

In supporting our ambition to connect more people with nature, we worked with 27 local authorities to start to embed our Green Infrastructure (GI) Framework in their local plans to drive long term change. Working across government, we increased the role and space for nature in healthcare by playing a leading role in the cross-government initiative "Tackling Mental Ill Health through Green Social Prescribing Programme." This programme has, to date, supported over 8,300 people to access green social prescribing services over a two-year period. We also partnered with local community groups to create 22 Green Community Hubs, as well as establishing a partnership with NHS England to improve access to nature and biodiversity in hospitals, GP surgeries and healthcare sites.

Our scientific advice played a key role in Defra's decision to close English waters in the North Sea to fishing for sandeel, which could increase the numbers of seabirds such as puffin and kittiwake by around seven per cent in 10 years.

Our work on sustainable development continues to grow in volume, with planning casework up by 33 per cent since 2016-17. We continue to provide quality data and modelling to support government's ambition for greater offshore wind power generation alongside enabling the recovery of marine biodiversity. The roll-out of Biodiversity Net Gain was supported by our establishing the biodiversity gain sites register for offsite net gain credits to be sold to developers. The Natural England Nutrient Mitigation Scheme launched credit sales in its first catchment in the Tees, enabling the development of 4,441 homes.

Supporting the agricultural transition, our teams have continued to see interest grow in options to support nature recovery. We provided advice on over 500 Higher Tier Countryside Stewardship agreements in 2023-24, with our advice supporting the second round of the Landscape Recovery scheme. Over the last year, we placed significant emphasis on place-based working, with our Strategic Plan for Places identifying shared objectives for nature recovery and using the available tools with partners to take bigger and better steps towards nature recovery at scale.

Delivering against the Environment Act targets, our work in 2023-24 has focused on increasing quality habitats through improved management and condition assessment, rather than protecting additional land, with targeted work to support priority species through the Species Recovery Programme. We have also continued with new Nature Recovery Projects, expanding National



Nature Reserves and designating ecologically significant areas as Sites of Special Scientific Interest (“SSSIs”).

## **The year ahead**

Next year takes Natural England into the final year of the Spending Review period, and we expect to broadly maintain our budget but to take steps to start managing down our headcount.

Our work in the year ahead will be shaped by the priorities of the new government, and we expect to continue prioritising work delivering efficiencies and supporting development. New ways of working, focusing on high reward outcomes, developing new solutions to delivering planning advice, licensing, and support for our farmers, will help us deliver positive nature outcomes for everyone. These aspects of our work are critical to achieving economic growth, social prosperity, and food security. Delivery of these nature outcomes, without weakening protections, becomes ever more important.

We will also be engaging with government and partners to understand our shared ambitions as we launch our new organisational strategy, which will set objectives for delivery across the next five years.

In the next year, we will deliver nature recovery at scale by:

- Supporting further Landscape Recovery Projects and focusing our farm advice where we can have the most impact, including on SSSIs;
- Developing, with partners, a pipeline of investable projects for emerging green finance alongside the development of Local Nature Recovery Strategies (LNRS);
- Working with Defra and other partners to help identify areas of land and sea which could contribute to the government commitment for 30 per cent of land and water to be managed and protected for nature by 2030;
- Creating more strategic solutions to mitigate and compensate for the impact of development on land and at sea to achieve “low carbon high nature” infrastructure and homes in places rich in nature;
- Contributing to health and wellbeing through enabling the provision of green infrastructure.

Marian Spain  
Chief Executive  
Natural England

23 June 2025

# Performance report -

**provides information about Natural England, its main objectives and strategies and the principal risks it faces**

This section should help you understand Natural England, our purpose, the key risks to the achievement of our objectives and how we have performed during the year.

# Overview

## Our purpose and activities

Natural England is the government's adviser on the natural environment. Our purpose is to help conserve, enhance and manage the natural environment for the benefit of present and future generations, thereby contributing to sustainable development. The twin challenges of biodiversity loss and climate change mean our work is more important now than ever, and this is why our mission is to build partnerships for nature's recovery.

Our highly knowledgeable staff provide practical advice, grounded in science, on how best to safeguard England's natural wealth on land and sea for the benefit of everyone.

Natural England was created as a Non-Departmental Public Body (NDPB) under an Act of Parliament – the Natural Environment and Rural Communities (NERC) Act 2006 - and we are accountable to the Secretary of State for Environment, Food and Rural Affairs, who is accountable to Parliament for our activities and performance.

We deliver our broad remit through the integration of locally based work, via our 12 Area Teams, and national co-ordination and expertise.

## Government's Environmental Improvement Plan

The previous government launched its [Environmental Improvement Plan \(EIP23\)](#) in January 2023. It builds on the vision set out five years earlier in the [25-year Environment Plan](#), with new powers and duties from the Environment Act, Agriculture Act and Fisheries Act. Framed around the statutory targets published in December 2022, it sets out the government's ambition for the next five years and beyond.

EIP23 provides a comprehensive plan for halting and then reversing the decline in nature and sets out a long-term approach to protecting and enhancing natural landscapes and habitats in England for the next generation. Its goals are simple: cleaner air and water; plants and animals which are thriving; and a cleaner, greener country for us all. The apex goal to improve nature is to halt the decline in our biodiversity so we can achieve thriving plants and wildlife. All our other goals support achieving this.

The EIP23 sets out the progress made against 10 overarching goals (listed below), the specific targets and commitments made in relation to each goal, and our plan to continue to deliver these targets.

- Goal 1: Thriving plants and wildlife
- Goal 2: Clean air
- Goal 3: Clean and plentiful water
- Goal 4: Managing exposure to chemicals and pesticides
- Goal 5: Maximise our resources, minimise our waste
- Goal 6: Using resources from nature sustainably
- Goal 7: Mitigating and adapting to climate change
- Goal 8: Reduced risk of harm from environmental hazards
- Goal 9: Enhancing biosecurity
- Goal 10: Enhanced beauty, heritage, and engagement with the natural environment.

Natural England as an NDPB sponsored by Defra has an important role: using its powers to contribute to delivery of these outcomes, in particular around climate change mitigation and adaptation, thriving marine and terrestrial wildlife and enhanced beauty, heritage, and engagement with the natural environment.

## Natural England's Operating Structure

Natural England is a body corporate and NDPB sponsored by Defra. Its staff are public servants, not civil servants, and it is expected to operate at arms' length from government. The Natural England Board is responsible for ensuring that Natural England fulfils its statutory purpose and functions and responsibilities under the Framework Document agreed between Defra and Natural England. The Framework Documents states that the main responsibilities of the Board are:

- Establishing and taking forward the strategic aims and objectives of Natural England consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State.
- Providing effective leadership of Natural England within a framework of prudent and effective controls which enables risk to be assessed and managed.
- Setting the long-term direction for the Executive team and the tone and pace needed to deliver the agreed strategies and plans.
- Ensuring the financial and human resources are in place for Natural England to meet its objectives.
- Agreeing annual Business Plans that set out Natural England's specific delivery commitments and approving the appropriate allocation of resources.
- Reviewing management performance.
- Ensuring that the Board receives and reviews regular financial and management information concerning the management of Natural England.
- Ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of Natural England.
- Ensuring compliance with any statutory or administrative requirements for the use of public funds; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the sponsor department.
- Approval of all matters not delegated to the Chief Executive under the Natural England Scheme of Delegation.

## Natural England's Strategy

Our strategy is founded upon our vision of thriving Nature for people and planet. Our [Action Plan 2023 to 2024](#) for the financial year 2023-24 underpinned our ambition not just to improve nature, but to see it thriving everywhere, because a healthy natural environment is fundamental to everyone's health, wealth and happiness.

For us, nature encompasses both the natural beauty, wildlife and geology that underpins landscape character and the habitats on which our most precious species depend, as well as our historic and cultural connections with nature. Our understanding of nature covers the whole natural world on land and at sea and encompasses the natural environment in our towns and cities as well as the countryside.

Our mission, **building partnerships for nature's recovery**, reflects the need for us to work with and through a wide range of partners, both communities and businesses, to undertake the rapid action needed to rebuild sustainable ecosystems and thereby protect and restore habitats, species, and landscapes to help nature thrive.

Underpinning our vision and mission are our five-year aims which provide the threads that bind our everyday work to our long-term vision.

| Natural England Strategy |   |  |
|--------------------------|---|--|
| Vision                   | Thriving nature for people and planet       |  |
| Mission                  | Building partnerships for nature's recovery |  |
| Five-year aims           | 1   | <b>Well managed nature recovery networks</b> across land, water and sea delivering resilient ecosystems rich in wildlife and character, enjoyed by people, and widely benefitting society. |
|                          | 2   | <b>People connected to the natural environment</b> for their own and society's wellbeing, enjoyment, and prosperity.   |
|                          | 3   | <b>Nature based solutions</b> contributing fully to tackling the climate change challenge and wider environmental hazards and threats.   |
|                          | 4   | <b>Improvements in natural capital</b> underpinning sustainable economic growth, healthy food systems and prospering communities.  |
|                          | 5   | <b>Evidence and expertise</b> are used by a broad range of partnerships, organisations, and communities to achieve nature recovery and enable effective regulation and accreditation.      |
|                          | 6   | <b>A values-led organisation</b> which delivers excellent service standards to all partners, organisations and communities engaged in achieving nature's recovery.                         |
| Strategic Programmes     | 1   | Greener Farming and Fisheries - supporting those who manage land and sea to operate in harmony with the environment.   |
|                          | 2   | Sustainable Development - creating great places for people to live and work.   |
|                          | 3   | Connecting People with Nature - promoting health and wellbeing through the great outdoors.   |
|                          | 4   | Resilient Landscapes and Seas - protecting and restoring wildlife and natural beauty for future generations.   |
|                          | 5   | Science and Evidence - we realise our ambition for Natural England to be an evidence-led organisation  |
|                          | 6   | Managing the Organisation - a values-led organisation which delivers excellent service standards to all partners, organisations and communities engaged in achieving nature's recovery     |

# Performance and risk summaries

## Performance summary

Natural England's performance framework is based around our five-year aims as shown above. Under each of these aims sit our six outcome-driven cross-cutting Key Performance Indicators (KPIs). Below these are our Measures of Success, which we use to measure environmental outcomes, followed by a suite of in-year delivery Progress Metrics, measuring the outputs that we achieve to deliver our outcomes. We monitor our 2023-24 delivery performance through these 26 in-year Progress Metrics. This performance framework is agreed by the Natural England Board at the start of each year, reflects our priorities as agreed with Defra and provides a line of sight to the Defra Outcome Delivery Plan and the targets that we contribute towards under the EIP23. For 2023-24, we aligned our refreshed Progress Metrics to the new EIP23, and this is the first year we reported on them. Therefore, no prior year comparatives are available.

We use a four-level assessment for our Progress Metric performance (Green, Amber-Green, Amber-Red and Red). We have achieved a good operational performance demonstrated by 20 of our 26 in-year Progress Metrics being rated either Green or Amber-Green and 6 rated Amber-Red or Red.

This performance across our 26 Progress Metrics reflects a generally successful performance year with a few exceptions. Across the year we have actively tracked performance, making choices on how we use our resources and what mitigations to put forward. Our success has been underpinned by the hard work and professionalism of our staff.

We report our in-year Progress Metrics as set out below to our Board on a quarterly basis. We also report our progress in regular performance review meetings with the Parliamentary Under-Secretary of State for Defra and Natural England Ministerial Sponsor, as well as quarterly with our Defra Sponsorship Team.

Natural England Performance Outturn 2023-24  
**2023-24 PROGRESS METRICS REPORTING SCORECARD**

| 2023-24 in-year Progress Metrics   |  | Year-end outturn | 2023-24 in-year Progress Metrics                               |  | Year-end outturn |
|--|--|------------------|--|--|------------------|
| <b>KPI A</b>   |  |                  | <b>KPI D</b>   |  |                  |
| <b>01)</b> Area of protected land and sea (EIP)  |  | Red              | <b>13)</b> Local Nature Recovery Strategies (EIP)              |  | Amber Red        |
| <b>02)</b> Actions underway on SSSI features (EIP)                                       |  | Green            | <b>14)</b> Strategic plans for places (EIP)                    |  | Amber Green      |
| <b>03)</b> Marine Protected Areas (MPA) features in favourable condition (EIP)           |  | Amber Red        | <b>15)</b> Delivering nature recovery in places (EIP)          |  | Amber Red        |
| <b>04)</b> Carbon secured through Nature for Climate Peatland Grant Scheme (NCPGS) (EIP) |  | Green            | <b>16)</b> Investment in NRN projects                          |  | Amber Green      |
| <b>05)</b> Protected Landscapes Outcomes Framework (EIP)                                 |  | Amber Green      | <b>17)</b> Diffuse Water Pollution & Nutrient Mitigation (EIP) |  | Amber Green      |
| <b>06)</b> Monitor landscape/waterscape changes  |  | Green            | <b>KPI E</b>   |  |                  |
| <b>KPI B</b>   |  |                  | <b>18)</b> Surveying SSSI features (EIP)                       |  | Green            |
| <b>07)</b> Species recovery and reintroductions (EIP)                                    |  | Green            | <b>19)</b> Surveying monads for the NCEA Programme             |  | Amber Green      |
| <b>08)</b> Licences benefitting species conservation (EIP)                               |  | Amber Red        | <b>20)</b> Improving data management good practice             |  | Green            |
| <b>KPI C</b>   |  |                  | <b>KPI F</b>   |  |                  |
| <b>09)</b> People's access to green and blue space (EIP)                                 |  | Green            | <b>21)</b> Staff engagement                                    |  | Amber Green      |
| <b>10)</b> Embedding Green Infrastructure Framework (EIP)                                |  | Green            | <b>22)</b> Safe working practices                              |  | Amber Red        |
| <b>11)</b> People visiting a green and natural space                                     |  | Green            | <b>23)</b> Diversity and inclusion                             |  | Amber Green      |
| <b>12)</b> Natural England projects connecting people with nature                        |  | Green            | <b>24)</b> Staff learning and development                      |  | Green            |
|  |  |                  | <b>25)</b> Customer service standards                          |  | Amber Green      |
|  |  |                  | <b>26)</b> Digital maturity                                    |  | Amber Green      |

# Risk summary

Throughout 2023-24, Natural England managed a range of corporate risks (threats or opportunities), which had the potential to impact upon our delivery of the 2023-24 Action Plan and thereby on our ability to meet our strategic objectives. Our corporate risks are managed at the Board level and have the greatest potential to affect our delivery outcomes. These are summarised below. An explanation of the mitigating actions over the course of the financial year to control each risk can be found on page 28.

## 1. Operating Context

A reduced focus on environmental commitments and priorities could result our being less equipped to deliver nature recovery.

## 2. Arm's Length Body Reform

For Natural England to remain at the forefront of delivering environmental outcomes, it is crucial that we work closely with Defra and its ALBs to continually seek delivery improvements amongst wider change proposals. There is an opportunity for greater collaboration to maximise delivery for nature recovery.

## 3. External Influence, Partnership Working and Customers

Sub-optimal partnership working, and customer service could compromise our ability to work collaboratively to deliver environmental improvements.

## 4. Natural England Evidence Base

For Natural England to make the best decisions for nature recovery we need to make sure our evidence is accessible, usable and understood.

## 5. Digital Security

Increasingly sophisticated cyber-attacks, including the rise of Artificial Intelligence cyber threats and other security incidents, are an ongoing and evolving risk to our safe operation.

## 6. People Capability

We require a sufficiently skilled, diverse, resilient, and agile workforce to successfully deliver current and longer-term strategic priorities.

## 7. Financial Management

The Public Accounts Committee has previously highlighted the importance of accurate forecasting being provided across government. We need to ensure that we have the financial capability and capacity for effective spending decisions and to secure value for money to maximise our delivery impact.

## 8. Keeping People Safe

Health and safety risks need to be properly managed to ensure the health, safety and wellbeing of our staff, volunteers, contractors, and visitors that are affected by the activities we undertake for nature recovery.

## 9. Managing the Organisation (MTO) and Corporate Services Pressures

It is essential that Natural England and the Corporate Services delivered by Defra (Finance, Human Resources, Digital, Data, Technology and Security - DDTS, Communications, Property



and Commercial services) are effectively managed for us to be able to deliver our objectives for nature recovery.

## 10. Natural England's Delivery of Targets and Outcomes

For Natural England to be successful in securing environmental outcomes, it is crucial that we achieve our in-year delivery targets and demonstrate delivery. If we do not deliver on our targets and outcomes, nature recovery itself will suffer.

## 11. Natural England Board Diversity

To ensure that Natural England delivers for a diverse society, and to best solve the challenges we face, it is important that diversity of thought, perspective, and lived experience supports Board decision-making.

# Performance and risk analysis

## Analysis of our performance 2023-24

KPI A: We restore and enhance the health of our ecosystems and the natural beauty of our landscapes by increasing the area and improving the character, quality, resilience & connectivity of wildlife-rich places

In 2023-24 we chose to focus on delivering favourable condition on existing sites over protection of new land.

|   |           |
|---|-----------|
| 1: Area of Protected Land and Sea   |           |
| The area of land and sea that is protected will increase by 12,100 hectares by 31 March 2024.   | Red       |
| Following the exceptional year in 2022/23 where we secured 12,100 hectares, an additional 791 hectares were secured in 2023-24. These represent declaration of NNRs not underpinned by SSSIs, launched as part of the King's series. Early in 2023/24, we took the decision to prioritise maintaining momentum on achieving favourable condition, SSSI casework and monitoring, rather than replicate the unprecedented gains of the previous year, hence the shortfall in the gain figures.  |           |
| 2: Actions Underway on Site of Special Scientific Interest Features   |           |
| 15 per cent of SSSI features will have actions underway and on track to achieve favourable condition.   | Green     |
| In 2023-24 16.3 per cent of SSSI features had actions underway. The decision to focus our efforts on securing favourable condition on existing SSSIs rather than designating new ones has contributed to this progress. We have used a variety of tools to achieve these gains including funding and incentives, advocacy and partnership, and regulatory processes.  |           |
| 3: Marine Protected Area Features in Favourable Condition   |           |
| 44 per cent of designated features in Marine Protected Areas (MPAs) to be in favourable condition.  | Amber Red |
| A vulnerability assessment carried out in March 2023 indicated that at least 44 per cent of inshore designated features are likely to be in a favourable condition, although our confidence in this figure is low due to a lack of evidence from completed condition assessments. We completed and published 55 out of 75 condition assessments scheduled for this financial year. A large programme of condition assessment is now needed by the 2027 interim EIP23 target date, to build on the 11 per cent of all 1,042 designated features that has been condition assessed since April 2017. |           |

| 4: Carbon Secured through Nature for Climate Peatland Grant Scheme  |             |
|---|-------------|
| 2.15 Mega tonnes of carbon secured through 20,500 hectares peat restoration under Nature for Climate Peatland Grant Scheme (NCPGS).   | Green       |
| <p>We have exceeded our annual target on carbon secured, with restoration equating to an estimated carbon abatement of 2.4 mega tonnes CO<sub>2</sub>e* by 2050. 18,400 hectares of land have been brought under restoration which, although a smaller area than planned, comprised more heavily degraded and lowland peatland than anticipated.</p> <p>*CO<sub>2</sub>e is Carbon Dioxide Equivalent. Greenhouse gases other than carbon dioxide can be converted to an equivalent amount of CO<sub>2</sub>, based on their relative contribution to global warming.</p> |             |
| 5: Protected Landscapes Outcomes Framework  |             |
| <p>Embed national government Environmental Improvement Plan targets and ambitions into individual National Park and Area of Outstanding Natural Beauty (AONB) Statutory Management Plans (AONBs were renamed National Landscapes in November 2023).</p> <p>Complete Protected Landscapes Outcomes Framework by end of March 2024.</p>   | Amber Green |
| <p>We have worked closely with Defra and Protected Landscape partners to publish the Protected Landscapes Outcomes Framework, which will drive nature recovery across an area equivalent to a quarter of England. We have collated the necessary baseline data to underpin the Framework and now move into the implementation stage, working closely with our partners to embed the targets into Management Plans.</p>  |             |
| 6: Monitor Landscape/Waterscape Changes   |             |
| National Character Area-based landscape database and change atlas to monitor landscape change and deliver commitment to start ongoing reporting against EIP23 Indicator G1 (changes in landscape and seascape character) by end of March 2024.  | Green       |
| <p>We have completed analysis and reporting for the Defra Environmental Improvement Plan Outcome Indicator G1: 'Changes to landscape and waterscape character'. This includes the headline results for landscape change between 2015 and 2019 supported by a landscape change database with reports and tools for people to access detailed information online.</p>   |             |

KPI B: We increase the abundance of species that are indicative of the wider health of the natural environment and reduce the number under threat of extinction

This year has seen good work on extinction and species abundance, but there remains much to be done.

| 7: Species Recovery and Reintroductions  |       |
|--|-------|
| 400 rare and threatened species benefiting from Natural England’s species & nature recovery projects (including conservation translocations).  | Green |
| 451 species have benefitted from projects delivered with our partners and funded through Natural England’s Species Recovery Programme. We are implementing a new reporting framework and external evaluation contract to further demonstrate how the projects we fund each year are improving target species’ prospects of recovery. |       |

| 8: Licences Benefiting Species Conservation  |           |
|--|-----------|
| Increase the proportion (percentage) of licences issued that benefit species conservation by five per cent (from the current 55 per cent to 60 per cent by March 2024).  | Amber Red |
| This year 53.8 per cent of licences issued had a direct benefit to species conservation. We took the decision in-year to prioritise meeting our customer service standards to address the backlog of overdue cases, which included a significant number of licences not directly benefitting species conservation. |           |

KPI C: We increase the number and representation of people engaged with nature and nature recovery in a way that supports socio-economic and health benefits for local communities

We have made significant progress in establishing baselines around the ‘Green in 15’ commitment (access to green and blue space) space within 15 minutes walk from home, people’s connection with nature and wider access agendas. We have had notable success in embedding green infrastructure policies with Local Authorities, green social prescribing pilots, evaluation of nature connection and cross-government working.

| 9: People's Access to Green and Blue Space  |       |
|---|-------|
| Maintain the proportion of people with access to green and blue space within 15 minutes from home to present level of 62 per cent.  | Green |
| 62 per cent of people continue to have access to green and blue space within 15 minutes from home. Natural England is the main delivery partner for the 15-minute commitment and provides advice and evidence on the quantity and quality of green infrastructure to inform the commitment. |       |

| 10: Embedding Green Infrastructure Framework  |       |
|---|-------|
| 20 new Local Authorities to have embedded the Green Infrastructure Framework in their policies.   | Green |
| Through a national contract Natural England has provided Green Infrastructure Framework training to 27 Local Authorities, and further bespoke advice to 10 of this group. This work is important because high quality green infrastructure can deliver nature recovery and access to nature in urban areas and areas of high deprivation. |       |

| 11: People Visiting a Green and Natural Space  |       |
|--|-------|
| Maintain proportion of adults in England visiting a green and natural space in the last 14 days at 63 per cent (as measured against People and Nature survey 63 per cent 2021-22 baseline).  | Green |
| During the last year, 66 per cent of the population of England reported visiting nature in the previous 14 days. However, more work needs to be done to evenly distribute visits across the population, as currently disadvantaged groups are less likely to visit nature. |       |

| 12: Natural England Projects Connecting People with Nature  |       |
|---|-------|
| Delivery of 30 Natural England activities/projects designed to connect people with nature. Includes embedded recording of the number and representation of people connecting with nature.                                       | Green |
| We delivered 42 activities/projects designed to connect people with nature, with embedded recording of the number and representation of people. The data collected has provided insight around who we are and are not reaching. |       |

KPI D: We work with a wider range of local partners and diverse communities to create wildlife-rich, accessible, characterful places for people to live and work underpinning economic sustainability

There has been good delivery under KPI D though the pace has varied across the measures and metrics. In general, we have seen better progress on those elements within Natural England's direct delivery; other work areas that are more reliant upon partnership working have longer lead-in times and some have been impacted by the wider financial pressures on Local Authorities.

| 13: Local Nature Recovery Strategies  |           |
|---|-----------|
| All 48 Local Nature Recovery Strategies (LNRS) are on track as defined by Defra and captured on the associated progress tracker.  | Amber Red |
| LNRS are designed to agree an area's priorities for nature, map its existing high-value nature areas and those areas that could become more important, and establish proposals for nature recovery in that area. These strategies are progressing well although progress monitoring indicates that publication is likely to be after the March 2025 final deadline. We will support the development of LNRS so that if not actually published, all 48 will be ready to publish. |           |

| 14: Strategic Plans for Places  |             |
|---|-------------|
| All Area Teams working with partners to influence a range of relevant strategic plan policies, initiatives and investment to better deliver Local Nature Recovery Strategy priorities.  | Amber Green |
| This year we have collated best practice and developed a joint understanding of how to deliver LNRS priorities in a place with partners. This sets us up well to collectively develop positive integrated outcomes for nature with a focus on the places where we can make the greatest impact. |             |

|  |             |  |
|--|-------------|--|
| 15: Delivering Nature Recovery in Places   |             |  |
| Initiate at least 30 medium-scale projects (over 500 hectares) and large-scale projects (over 5,000 hectares), delivering wildlife-rich habitat and landscapes in a place.   | Amber Red   |  |
| 28 Natural England led Landscape Recovery Projects (LRPs) have been enrolled in development to prepare for 20-year implementation agreements and 12 Nature Recovery Projects (NRPs) continue to progress with strategic planning underway on over 100 sub-projects funded in 2023/24. Together these 40 projects cover 535,000 hectares. However, progress slowed following budget, and recruitment controls this year, and our performance assessment reflects this wider context. These factors will need to be addressed to meet future delivery ambitions which will include Round 3 of Landscape Recovery (LR) and the next 13 NRPs. In 2025 we expect the first LR projects and NRPs to start implementation and deliver nature recovery action. |             |  |
| 16: Investment in Nature Recovery Network Projects   |             |  |
| Development of mechanisms to support the increase of private/public Investment/funding into Nature Recovery Network (NRN) projects.  | Amber Green |  |
| Enabling private sector funding and finance is critical to deliver nature recovery. In an evolving green finance landscape considerable progress has been made during 2023-24. Natural England has a lead role in the implementation of two nature markets: Biodiversity Net Gain and Nutrient Neutrality and is supporting a Defra-led pilot: Projects for Nature. This is a public-private partnership with Environment Agency, Council for Sustainable Business, Accenture and Crowdfunder which will generate private funding for nature projects.   |             |  |
| 17: Diffuse Water Pollution and Nutrient Mitigation  |             |  |
| <ul style="list-style-type: none"> <li>a) Six Diffuse Water Pollution Plans completed with interventions agreed.</li> <li>b) Effective implementation of the Nutrient Mitigation Scheme including sales of credits to enable at least 6,500 new homes to be built.</li> </ul>  | Amber Green |  |
| Natural England, working with the Environment Agency, has identified and agreed actions in 4 Diffuse Water Pollution Plans and 11 individual site reports, for specific protected sites impacted by nutrient pollution to support restoration to favourable condition. Through the Nutrient Mitigation Scheme, credits to enable around 7,000 new homes are in the pipeline. Additional sites are being developed, increasing the homes enabled in 2024-25 and beyond.   |             |  |

KPI E: We are an evidence-led organisation, using evidence to inform our advice and leadership to drive positive changes in the natural environment

We have made good progress this year, exceeding some of our in-year targets and seeing an uptick in data use and accessibility. There have been challenges due to the availability of field skills externally. In response, we have trained 70 field surveyors which puts us in good stead for future years.

| 18: Surveying Site of Special Scientific Interest Features  |       |
|---|-------|
| 22 per cent of Sites of Special Scientific Interest (SSSIs) have an up-to-date condition assessment by 31 March 2024.   | Green |
| Condition assessments are used to help Natural England understand whether a SSSI feature is in a good state, contributing to nature's recovery and whether management to maintain or improve that feature is working. The original target published in our 2023-24 Action Plan was to survey 850 SSSI features, and we amended this in-year to align the target with the Environmental Improvement Plan. 25.3 per cent of features now have an up-to-date condition assessment. |       |

| 19: Surveying Monads for the Natural Capital and Ecosystem Assessment Programme   |             |
|---|-------------|
| 250 monads surveyed for the Natural Capital and Ecosystem Assessment programme by 31 March 2024 (a monad is 1 OS km grid square).   | Amber Green |
| This target was reduced from the original 400 monads outlined in our 2023-24 Action Plan to 250 to reflect the delivery capacity of external contractors. 224 monads have been surveyed for soil, vegetation and landscape, with a further 38 having vegetation and landscape surveys without the soil component. |             |

| 20: Improving Data Management Good Practice   |       |
|---|-------|
| Improvements to organisational data good practice with regards to the use, advocacy, production and management of data.   | Green |
| We have made progress in our overall strategy and approach to how data is used, managed and processed and we are participating in the Defra Digital and Data Transformation strategy. Improvements to our overall strategy will mean that we can reprioritise activity around our data. |       |



KPI F: We invest in the wellbeing, development, and diversity of our staff so that Natural England remains a great place to work

We set high stretching targets this year to drive change. We have seen lots of good work across the KPI even if we are below our targets in some areas. We have maintained our overall levels of staff engagement and continued to improve our overall Health and Safety performance.

| 21: Staff Engagement   |                |
|--|----------------|
| Employee engagement index rises to 65 per cent to exceed 2021 benchmark.   | Amber<br>Green |
| The Employee Engagement Index measures the feelings of pride, advocacy, attachment, inspiration, and motivation held by our staff, and is calculated from a standard set of questions used across public sector organisations. Our People Survey reported an Employee Engagement score of 63 per cent. |                |

| 22: Safe Working Practices  |              |
|---|--------------|
| 95 per cent of Reported Incidents are investigated within the required 10 working day period.   | Amber<br>Red |
| We were below our target in meeting the response time as 83 per cent of reported incidents were investigated within 10 working days. We are continuing to invest in health and safety leadership and training, and to simplify our processes to improve our performance in this crucial area. This includes the launch of a new health and safety reporting app that will make submitting an investigation report easier for staff, support people leaders with tracking investigations and allow more real-time reporting. |              |

| 23: Diversity and Inclusion  |                |
|--|----------------|
| Percentage of staff in Natural England declaring Minority Ethnicity to increase to 4 per cent by March 2024.   | Amber<br>Green |
| The percentage of Natural England workforce declaring as of minority ethnicity is 3.8 per cent, having risen from 3.25 per cent in April 2022. We have a range of plans and measures in place to continue action on this long-term challenge, aimed at recruitment, progression, retention and our senior leadership action. |                |

| 24: Staff Learning and Development   |       |
|--|-------|
| All Staff are undertaking an average of 10 Learning & Development days per year.   | Green |
| On average each of our staff undertook 12.5 days of training and personal development in the last year, reflecting the learning needs of many new starters who have joined us during the last 2 years. We are committed to building the skills and knowledge of all staff to deliver their work and contribute to nature's recovery. |       |

| 25: Customer Service Standards  |             |
|---|-------------|
| 85 per cent of statutory casework delivered within published timescales.  | Amber Green |
| We delivered 84.7 per cent of casework responses within published timescales across the 3 main work areas (licensing, planning and protected sites) despite demand levels increasing this year. We are working hard on reforms to improve our response times. |             |

| 26: Digital Maturity  |             |
|---|-------------|
| Digital maturity describes how effectively Natural England adopts and embeds digital technologies, data, and ways of working to improve our operations and services' we assessed progress on 5-point scale, and our Amber-Green rating reflects moving beyond early stage adoption (Level 2) towards more consistent embedded digital capability (Level 3) across the organisation. | Amber Green |
| We have increased our Digital Maturity beyond Level 2 on average, with some areas at Level 3.   |             |

# Analysis of our risks 2023-24

This section summarises the mitigating actions taken over the course of the financial year to control each risk referred to above (p17) and indicates any future action planned.

## 1. Operating Context

Although there have been a number of challenges throughout the previous year, drawing focus away from nature recovery, we have remained flexible in our delivery approach so we can take advantage of emerging opportunities for nature recovery.

We have continued to make a case for investing in nature for the nation's health, wealth and security. We have driven a collective voice for nature recovery with our partners. We have sought to demonstrate our contribution to the EIP23 and Environment Act targets through effective business planning to maximise our contribution to deliver the EIP.

## 2. Arm's Length Body Reform

To maximise opportunities for greater collaboration under existing structures, we have continued to work with Defra on the design of future delivery models involving collaboration with other ALBs. We have continued to drive shared outcomes with fellow ALBs, for example in 2023 and 2024 we brought our staff together with the Environment Agency and Forestry Commission colleagues to discuss our Shared Ambition for Water. We are committed to working closely together to align our plans for places and bringing together our collective powers to restore water catchments.

We continue to work with Defra to advise on, and where appropriate implement effective delivery pathways that contribute to the EIP and Environment Act delivery targets; working to collaboratively and strategically achieve them. We also work constructively with the Office for Environment Protection (OEP) in support of their remit.

## 3. External Influence, Partnership Working and Customers

We have had some strong support from our partners and have successfully delivered a number of significant landscape scale projects through those partnerships. We have continued to build a robust communications and engagement strategy so we can effectively collaborate with others. We have continued to embed consistent and quality engagement standards throughout the business to ensure quality and meaningful communications are provided. We have also implemented an 'Engagement Network,' which brings together a group of communications and engagement specialists from across Natural England, Defra Communications, and the Private Office which serves to professionalise engagement within the organisation and ultimately strengthen our organisational capacity and expertise for delivering communications.

It has, nonetheless, been challenging in some significant areas where we have sought to deliver our statutory functions; for example, in relation to our nutrient neutrality advice to inform sustainable development where we are implementing government policy to deliver nutrient mitigation schemes. Or in relation to the designation of a new major SSSI in Cornwall: West Penwith Moors and Downs (Hallow ha Gonyow Pennwydh West). We know this was incredibly difficult for many of the farmers and land managers who live and work here. We will need to continue to make difficult choices when we discharge our statutory functions, not least as we aim to support the government's ambitious targets and the Environmental Improvement Plan. However, we will keep learning lessons and continue to invest in stakeholder management and customer service to ensure we are able to act with empathy and understanding.

## 4. Natural England Evidence Base

Over the past year we have continued with many initiatives to improve the evidence we collect and generate through our 'Science, Evidence and Evaluation Strategy.' Some of these initiatives centre

on evidence generation to ensure the best evidence is available when needed, and building improved research repositories and evidence catalogues so data is readily available to support advice and decision making. Ongoing implementation of the strategy will develop across key areas of Natural England, coordinating with Defra's science and analysis functions to add value (avoiding duplicating capability) and aligning with Defra and Natural England policy priorities.

## 5. Digital Security

Cyber-threats are becoming more sophisticated and global tensions increase the likelihood of threats to government systems. We are at risk because of older systems, attitudes, and practices around digital security.

Natural England is remaining vigilant and taking appropriate action to safeguard from cyber threats. We continue to assess our legacy Information Technology to confirm delivery can be safely maintained and that our systems are less susceptible to cyber-attacks.

All staff are briefed on cyber-security protocols, and they are required to undertake mandatory training on 'Security and Data Protection.' This ensures that all staff are informed of digital risks such as malware/phishing etc., and that they can handle sensitive data safely and securely.

## 6. People Capability

As Natural England has grown, the risk has shifted from one where we are building our staff capacity, to one where we are building our staff capability, to have staff with the right skills in the right parts of the organisation. To deliver this, we will complete the review of our Strategic Workforce Plan in 2024, and we are continuing to develop our learning and development programme.

Our staff are central to Natural England's ability to deliver, and we are continuing to monitor staff wellbeing and identify where pressures are emerging so we can suitably look after our staff. We have also completed a review of our Staff Framework, which is part of our wider pay and reward reform to ensure our staff are suitably rewarded. Further work around this will be completed throughout 2024.

## 7. Financial Management

It is vital for Natural England to be able to evidence budget spend so that we can demonstrate that we have effectively spent public money to deliver environmental outcomes.

We have therefore continued to stress the importance of financial management and reinforced the need to undertake reviews of business cases to ensure that capital expenditure is delivering the expected benefits and providing good value for money. We are reinforcing this by undertaking financial training to accountable directors and budget holders, and undertaking lessons learned around budget forecasting.

## 8. Keeping People Safe

Keeping our staff and stakeholders safe is a priority for Natural England. We recognise the importance of ensuring the wellbeing of staff and those who access land/properties under Natural England management.

Natural England has made significant improvements to its approach to Health and Safety as a series of assurance checks and reviews have been undertaken on Natural England managed sites. It is important to note that we will continue this work throughout 2024 by auditing all our high-risk activity to confirm that threats (and opportunities) are fully explored.

Additionally, throughout the last year, Natural England has launched a series of communications and training workshops for line managers. Building knowledge and capability in line managers

ensures that all staff complete necessary health and safety training and are working in a safe environment.

## 9. Managing the Organisation and Corporate Services Pressures

We are continuing to work with Defra to make sure that our needs, amongst those of other ALBs, are met so we can maintain delivery of our outcomes. To aid this, we have increased our Corporate Services Partnership capability so we can better state, secure and monitor the services we require from Defra.

## 10. Natural England's Delivery of Targets and Outcomes

To track delivery targets and demonstrate delivery, performance indicators have been used to highlight and act on delivery risks. Natural England has identified that the most common theme emerging from this area relates to the issues of staff capability, resources, and knowing how best to effectively deploy efforts to maintain positive impacts for nature recovery. Therefore, investing in staff development, and working with Defra Corporate Services to secure appropriate levels of service, is crucial for Natural England to achieve its outcomes.

This year we have taken a more integrated approach to business planning so there is better alignment to our strategic priorities. This helps to ensure that our initiatives do not operate in silos so we can secure success.

We have maintained continuous improvement activities across Natural England to strengthen our delivery, including leadership development and partnership working.

## 11. Natural England Board Diversity

Non-executive appointments to our Board are ministerial appointments made by the Secretary of State, with the process administered by the Defra Public Appointments Team. The Board has nonetheless agreed that as it does not currently reflect the country as a whole, particularly in relation to ethnic diversity, it will review the membership of existing Advisory Panels over the next 12 months to ensure there is a breadth of lived experiences and will appoint a Board Inclusion Champion.

# Sustainability report

## Summary 2023-24

This section sets out Natural England's performance against the significant sustainability objectives of its estate and operations.

In 2023-24, the greenhouse gas emissions from our office estate and business travel were 1801 t/CO<sub>2</sub>e compared with 1784 t/CO<sub>2</sub>e last year. This suggests no significant change in our carbon footprint.

This year we have begun enacting the Climate Change Action Plan, to accelerate action to tackle the joint crises of climate change and nature loss across all of our work, including setting out actions for the year to reduce our organisational footprint.

The Defra Group Sustainability Strategy, rooted in the UN Sustainable Development Goals, continues to drive sustainability actions across the Defra Group.

## About our data

This data is reported following the guidance set out in the [HM Treasury's Sustainability Reporting Guidance 2023-24](#). Carbon footprint data is aligned with the requirements set out in the [Greenhouse Gas protocol](#).

Note that the energy, waste, and water data are still based only on those buildings where data is available, as provided by Defra. The utilities cost data also includes notional recharges for buildings where Natural England shares space with other bodies.

## Overview of carbon footprint

As an environmental organisational and public body, Natural England recognises the importance in practical and reputational terms of ensuring that, in addition to our direct work contributing to the improvement of the environment, we confirm that our ways of working also make a positive contribution in any way possible.

The [Greening Government Commitments](#), relaunched in 2021, set key environmental sustainability targets for central government departments. A summary of Natural England's 2023-24 performance against some of these targets is as follows:

|  | 2017-2018<br>Baseline* | 2023-24<br>Achievement | RAG to<br>2025<br>target | Target April 2025                |
|--|------------------------|------------------------|--------------------------|----------------------------------|
| Total greenhouse gas<br>t/CO <sub>2</sub> e                | 2035                   | 1801                   | 12%<br>reduction         | 50% reduction                    |
| Landfill waste reduction                                   | 2.5%                   | 0.2%                   | 0.2%<br>overall          | Less than 5% sent<br>to landfill |
| Total waste reduction (t)                                  | 58                     | 70.4                   | 21%<br>increase          | 15% reduction                    |
| Water reduction*m <sup>3</sup>                             | 3426                   | 3588                   | 5%<br>increase           | 8% reduction                     |
| Domestic flights emission<br>reduction t/CO <sub>2</sub> e | 7                      | 2                      | 71%<br>reduction         | 30% reduction                    |

|  |      |    |               |   |
|--|------|----|---------------|---|
| Paper use reduction (reams)  | 7115 | 39 | 99% reduction | 50% reduction   |
| Conversion of NNR fleet / lease vehicles to Ultra-Low Emission Vehicles (ULEV) | n/a  | 8% | 8%            | 100% by end 2027.<br>Limited by 4x4 market developments |

\*Not including NNRs as not included in the original baseline

For further commentary, context and detail on our sustainability performance, see below.

## Details of performance

### Energy breakdown (use and generation)

Scope 1 emissions occur from sources owned or controlled by us, such as combustion boilers in offices. Office gas data is provided to us by Defra Group Facilities Management Energy Management team apportioned by occupying agencies and this has risen by a small amount this year. Very few of the buildings on NNRs use gas but this is gathered and analysed by our estates and procurement teams. This category also includes emissions from organisation-owned fleet vehicles (including vehicles on lease). At the end of March 2024, the NNR team leased 111 vehicles, which in 2023-24 produced approximately 130 t/CO<sub>2</sub>e.

Scope 2 emissions result from energy consumed which is supplied by another party, mainly electricity supply in buildings. In our offices, our carbon footprint has fallen slightly. Electricity use on our NNRs is 588,448 kWh We have started work with the Carbon Trust on further baselining our NNR carbon footprint, with a view to producing further possible decarbonisation options.

Electricity generation on NNRs from photovoltaics totalled almost 28,000 kWh, in 2023-24.

### Business travel and employee commuting

Scope 3 emissions from official business travel directly paid for by us accounted for 1077 t/CO<sub>2</sub>e in total. Just 5 t/CO<sub>2</sub>e was from international travel. The small rise in footprint is due to a slight drift to private car use and an overall increase in the number of rail kilometres travelled. With the continuation of our hybrid working policy, employee commuting is estimated to be 555 t/CO<sub>2</sub>e

### Fleet vehicles

The percentage of NNR long-lease fleet vehicles categorised as zero emission for the 2027 target this year was eight per cent. A further 13 per cent are hybrid vehicles. The NNR estates and procurement team have a vehicle replacement strategy where all future purchases will reflect the 2027 target date and the need to replace traditional fuelled vehicles with Ultra Low Emission Vehicles (ULEV) vehicles.

### Waste and resource consumption minimisation

The table above shows the absolute values in tonnes for waste for Natural England's share of the Defra estate from its administrative and operational actions. The sub-targets around total IT waste recycled, reused, and recovered (externally), paper use and single use plastic elimination are reported at the Defra group level.

### Water use (finite resource consumption)

Our share of water use on the Defra office estate has fallen; however water use includes that of our NNRs where water use varies greatly across the estate, depending upon livestock responsibilities etc. Total NNR water consumption in 2023-24 was 6588m<sup>3</sup>.

## Sustainability Data Table; details of performance.

| Emissions   | Unit         | 2021-22   | 2022-23   | 2023-24                                    |
|---|--------------|-----------|-----------|--|
| Gas consumption as part of Scope 1                        | kWh          | 1,445,417 | 1,255,690 | 1,312,630 Office<br>77,934 NNR             |
| Direct emissions as part of Scope 1                       | tCO2e        | 259**     | 392**     | 385 Office<br>23 NNR                       |
| Energy consumption as part of Scope 2                     | kWh          | 1,652,227 | 1,852,688 | 1,635,590 Office<br>588,448 NNR            |
| Indirect emissions from purchased energy (Scope 2)        | tCO2e        | 262**     | 232**     | 339 Office<br>122 NNR                      |
| Total Gross Scope 1&2 GHG emissions (inc. NNRs)           | tCO2e        | 630       | 759       | 724**/ 869                                 |
| Indirect emissions from all business travel (Scope 3)     | tCO2e        | 845       | 1,025     | 1077                                       |
| <b>Total gross emissions</b>                              | tCO2e        | 1,475     | 1,784     | 1801**/1946                                |
| <b>Business travel (including NNRs)</b>                   | <b>Unit</b>  |           |           |  |
| Car   | tCO2e        | 661       | 858       | 877  |
| % of Natural England NNR fleet classed as ULEV (new)      | -            | -         | -         | 8  |
| Rail  | tCO2e        | 35        | 136       | 169  |
| Air   | tCO2e        | 0.24      | 5         | 7  |
| Domestic air travel                                       | km           | 0         | 3,918     | 11,864                                     |
| International air travel - short haul (new)               | km           | -         | -         | 63,720                                     |
| International air-travel- long haul (new)                 | km           | -         | -         | 0  |
| <b>Total business travel</b>                              | tCO2e        | 845       | 1,025     | 1077                                       |
|   | £ 000s       | 1,069     | 3,280     | 3,315*                                     |
| <b>Office waste (just offices, not measured for NNRs)</b> | <b>Unit</b>  |           |           |  |
| Landfill  | Tonnes       | 1         | 2         | <1   |
| Reused or recycled  | Tonnes       | 25        | 27        | 54   |
| Of which is total food waste composted from offices       | Tonnes       | -         | -         | -  |
| Of which is food waste sent externally for composting     | Tonnes       | 1         | 1         | 15   |
| Incinerated to produce energy                             | Tonnes       | 6         | 7         | 16   |
| Incinerated without energy recovery                       | Tonnes       | -         | 5         | -  |
| Reused, recycled electronic or electrical equipment       | Tonnes       | -         | -         | -  |
| <b>Total office waste</b>                                 | Tonnes       | 33        | 42        | 70   |
| <b>Resource consumption (NNR and Offices combined)</b>    | <b>Unit</b>  |           |           |  |
| Purchased gas   | kWh          | 1,445,417 | 1,255,690 | 1,390,564                                  |
| Purchased renewable electricity                           | kWh          | 1,652,227 | 1,852,688 | 2,224,038                                  |
| Total   | £ '000       | 91        | 660***    | 778***                                     |
| Self-generated renewable energy (NNRs only)               | kWh          | 33,839    | 33,770    | 27,942                                     |
| <b>Water supplied</b>                                     | cubic metres | 20,757    | 10,795    | 3588 Offices<br>6588 NNRs<br>Total: 10,176 |
|   | £            | 29,000    | 60,000    | 59,342***                                  |
| Paper from renewable or recycled sources                  | Reams        | -         | 117       | 39   |

\*Data from GGCs \*\* not including NNRs \*\*\* Office recharge data FY 2023-24



## **Additional sustainability information**

### **Sustainable procurement**

We are committed to making our commercial activity more sustainable. To do this we will ensure Natural England's sustainable procurement approach is consistent with UK government policy, Defra group aims and complies with current UK legislation and laws.

Defra group Commercial, who provide a procurement service to Natural England as part of the Defra group Corporate Services model, continue to promote sustainable procurement through standing instructions within their policies and processes. They also have an ambition to better understand not only our direct resource consumption, but also upstream and downstream supply chain impacts.

In line with Defra group priority outcome areas and work with the Defra Sustainability Centre of Excellence, Natural England will focus on the following areas throughout procurement lifecycles:

- a. Responding to Climate Change
- b. Optimising Natural Capital
- c. Resource and Water Optimisation
- d. Positive Social Impact

The 'MyBuy' platform in Natural England allows staff access to key commercial guidance information (including sustainability requirements) from a single commercial platform.

### **Supporting Nature Recovery**

This commitment requires organisations with the greatest potential to improve biodiversity to develop and deliver Nature Recovery Plans for their land, estates, development and operations. Natural England is in an unusual position in that Nature Recovery is a core part of our purpose.

Natural Capital is the term we use to describe parts of the natural environment that produce value for society such as water, air and health. It gives us a way to value natural benefits such as outdoor recreation and food production, as well as flood mitigation and improved air and water quality. Organisations can measure and value the natural capital that they own and are responsible for. This is called Natural Capital Accounting. Defra are leading the way in ensuring environmental impacts are considered in decision making and reporting. Natural England has used natural capital accounting to report outside of the Accounts on the value of the NNRs that it owns or manages.

### **Climate change adaptation and resilience**

Our Climate Change Action Plan sets out how we will accelerate action to tackle the joint crises of climate change and nature loss across all our work and achieve our 'high nature, low carbon' ambition for England.

The Strategic Plan's six objectives cover:

- Culture change within Natural England to align action to address the climate and nature emergencies
- Helping nature adapt to climate change
- Contributing more to net zero through nature recovery actions
- Enabling adaptation to climate change through Nature-based Solutions
- Enhancing and deploying our evidence base
- Reducing our own carbon footprint

## IT and Digital

Natural England's IT and digital services are provided by Defra group Corporate Services through DDTS. The environmental impacts from IT and digital are reported at the Defra group level and adhere to their ethical and environmental standards where:

- 100 per cent of projects and programmes are assessed for sustainability impacts and benefits, and sustainability criteria and KPIs embedded in design and delivery.
- Defra are the role model and exemplar to other government departments, the wider public sector, and industry internationally.
- A net zero target for Defra services has been established and the reduction target and pathway is embedded as a commitment within all contracts.
- Defra work as closely as possible with current and future suppliers to help ensure our supply chains are free from slavery and exploitation

## Sustainable construction

Natural England's Property and Sustainability team has supported development of the updated Defra group Workplace Design Guide, launched in September 2023. The guide allows us to create spaces that drive operational effectiveness, support our teams and new ways of working, while helping us deliver on our sustainability goals and provide an inclusive estate.

In 2023-24, we commenced eight new capital builds on the NNR estate including Shapwick Heath and significant planning works on reserves such as Lindisfarne, Lower Derwent Valley and Parsonage Down. These are being led by experienced Defra Project Managers who follow the Defra guidelines on sustainable developments, following all the relevant BREEAM (Building Research Establishment Environmental Assessment Method) standards.

We have also carried out building upgrades (to be more environmentally friendly) to nine properties on NNRs. These include works at Castle Eden Dene, Humberhead Peatlands and Martin Down.

Additionally, we have begun very early conversations with the Carbon Trust around baselining a Decarbonisation Plan for our NNR estate.

## Taskforce on Climate-related Financial Disclosures Compliance Statement ('Taskforce')

Natural England has reported on climate-related financial disclosures consistent with HM Treasury's Taskforce-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. Natural England has complied with the Taskforce recommendations and recommendations disclosures around:

- governance (all recommended disclosures – as discussed below)
- metrics and targets (disclosures (b) – please see page 33)

This is in line with the central government's Taskforce-aligned disclosure implementation timetable for Phase 1. Natural England plans to make disclosures for Strategy, Risk Management and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable.

## Governance (a) on Natural England's Board's oversight

Natural England's Board considered a paper on the ambition and direction of Natural England's climate change work in February 2023, subsequently adopted as Natural England's Climate Change Strategic Plan. This internal plan sets out how we will achieve its 'high nature, low carbon' ambitions and the governance arrangements for this work.

The Board is currently considering how to reflect the growing importance of climate change adaptation and mitigation in the development of Natural England's new strategy. The strategy will shape the work of our major programmes (now transitioning to portfolios), and its implementation

will be within the Board's oversight. Because of the strong dependencies between nature recovery and climate, climate risks and action to address them is integral to our work for nature recovery and should be an integral but explicit part of reporting progress with this work. This is particularly the case for climate adaptation. For example, we are currently undertaking climate vulnerability assessments for all Sites of Special Scientific Interest and developing Adaptive Management Plans as a tool to address climate pressures as part of our wider protected sites work. We are also exploring wider measures of success and key performance indicators (KPI) for climate change adaptation across our work. Our reporting of specific actions within our climate change adaptation plan is carried in response to the requirements under the Adaptation Reporting Power (currently ARP4 – see below). For climate change mitigation we currently have a KPI for 'carbon secured through grants and advice'. This represents our operational contribution toward emissions reductions, achieving carbon budget reductions and reaching net zero.

As part of the Defra group, Natural England participates in a wider set of governance arrangements for climate-related issues and some metrics, particularly where Natural England staff work alongside those from other organisations across the Defra Estate, are reported at a Defra group level. More information about these arrangements and metrics can be found in the Defra group annual report and accounts.

### **Governance (b) on Management's role**

Natural England Executive Committee is responsible for the overall leadership of our climate change work, confirming the level of ambition and priority given to our climate change work, reviewing progress and providing overall decision making on resourcing.

The Portfolio Committee is accountable for tracking progress on how climate action is implemented and ensuring the required resource allocations to embed climate action across the organisation.

In 2020, Natural England developed the following six strategic Programmes to deliver our five-year aims up until 2025:

- Resilient Landscapes and Seas
- Sustainable Development
- Greener Farming and Fisheries
- Connecting People with Nature
- Science and Evidence
- Managing the Organisation

Each Programme is responsible for embedding action on climate change mitigation and adaptation as outlined in the Strategic Plan through their various project workstreams.

Climate Action Project Board acts as an oversight group to manage the direction of the project. The project board will report regularly to the Portfolio Committee and evaluate the outcomes of the project to ensure that the desired results are being achieved.

Climate Action Project Team is the main delivery group through which the organisation will achieve its ambitions to embed climate change mitigation and adaptation across all its work, including the objectives set out in the Strategic Plan. A representative from all six corporate Programmes is included within the Team.

The risks of climate change to Natural England's aims and objectives are assessed through the Adaptation Reporting Power. The Power requires organisations to outline how they are preparing and adapting to the current and predicted risks posed by climate change. The Strategy for the fourth report can be found in the Third National Adaptation Programme - [NAP3](#) (chapter 8 page 127). Natural England has produced a report in the three previous rounds of the Adaption Reporting Power, with our most recent report published in 2022. The [third-round report](#) comprises an overarching risk assessment of climate change to Natural England's aims and objectives

alongside an outline of adaptation plans. These plans are provided for work areas across our six corporate programmes over a five-year period. Our fourth-round report, due this year, will be approved through our Portfolio Committee and Executive Committee following consultation with the six programmes as outlined above.

### **Metrics and Targets (b) on Emissions reporting**

The greenhouse gas emissions for Natural England for 2023-24 are laid out in the Sustainability Report. Here, Scope 1, 2 and Scope 3 (business travel) emissions are stated and our actions to mitigate any risks rising from these.

Natural England's greenhouse gas emission for offices, NNRs, home-working, commuting, and business travel are calculated in line with the Greenhouse Gas Protocol methodology and are presented in such a way that they can be aggregated and compared. Emissions and other metrics are provided for the last three years and against the 2017-18 baseline for this phase of Greening Government Commitment reporting. Where novel techniques for estimation have been used, these have been explained.

### **Complaints to the Parliamentary and Health Service Ombudsman (PHSO) and Office for Environmental Protection (OEP)**

In the Financial Year 2023-2024, Natural England received 154 complaints in total of which 112 were resolved internally at Tier 1 stage, 35 at Tier 2 stage, 2 through the OEP and 5 through the PHSO.

Neither of the 2 OEP complaints were upheld, though in one case recommendations were made which Natural England are currently in the process of implementing as a priority.

In all five complaints referred to the PHSO, at Primary Investigation the PHSO found no evidence to show Natural England had made a mistake and took no further action. All cases were not upheld and there were no recommendations made. There was one PHSO investigation from a previous financial year which remains open.

In June 2025 the OEP made Natural England aware of possible failures to comply with environmental law in relation to the protection of wild birds. Natural England has two months to respond and the OEP will consider the response before deciding next steps.

### **Responding to Public Correspondence**

Our Customer Engagement Team and Correspondence unit dealt with:

- 6,264 letters and emails from the public, with 77.3% of email enquiries resolved within the target of 10 working days.
- 7,345 telephone enquiries, 93.2% responded to within the target of ten working days.
- 172 letters or emails from Members of Parliament, with 55.1% responded to within the target of ten working days
- 63 Parliamentary questions, 100 per cent of which were completed by the required deadlines.

### **Freedom of Information**

In 2023-24, Natural England received 703 formal requests for information under the Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection regulations. This represented an increase of 38% on the previous financial year. These figures include 42 Internal Review Requests and seven Information Commissioner's Office referrals. 58% of the requests were responded to within the regulation 20 days. 34% of requests were handled within 20-40 days with an agreed extension, and 7% were outside the regulations and considered late.

# Review of 2023-24 financial performance

## Summary of financial performance and funding

Natural England is predominantly funded by Grant in Aid (GiA) from Defra – which was 91 per cent of total income in 2023-24, compared to 88 per cent in 2022-23. Natural England's funding agreement with Defra operates within the context of the Comprehensive Spending Review (CSR). This year was the second of a three-year settlement covering 2022-23 to 2024-25.

## Analysis of operating costs

The Statement of Comprehensive Net Expenditure (SoCNE) shows that net operating costs (total operating costs less total income) for the year were £287.9 million, compared to £220.1 million (restated) in the prior year, an increase of 31 per cent.

Total operating costs were £315.4 million, an increase of 28 per cent on the prior year figure of £246 million (restated). Operating income has increased by 6 per cent from £25.9 million to £27.5 million, principally due to an increase in income from the District Level Licensing scheme, but also the launch of the Nutrient Mitigation Scheme (see Note 6.1.5 for more information).

## Staff costs

Staff costs continue to be our largest area of expenditure. This has increased by 21 per cent on the prior year to £151.4 million, primarily due to the increased number of staff, the implementation of the pay award, and the additional payment made to all eligible employees in 2023.

## Grant expenditure

The growth of several grants schemes has led to an increase in grant expenditure by 63 per cent to £33.5 million. Notably:

- **Species Recovery Programme Capital Grant Scheme:** In April 2023, Natural England launched the Capital Grant Scheme under the Species Recovery Programme which offers grants of up to £0.5 million to projects aiming to halve and reverse the decline in some of England's most threatened species. Following an application process, 63 applicants were awarded grants, with a combined value of £14.5 million. In 2023-24, Natural England distributed £6.4 million through these grants.
- **Nature for Climate Peatland Grant Scheme:** Aiming to bring restoration management to 35,000 hectares of upland and lowland peats across England by March 2025, and secure nine tons of carbon by 2050, the Nature for Climate Peatland Grant Scheme expects to make £55 million of capital grants by the end of the scheme. In 2023-24, Natural England distributed £12.7 million through these grants, compared to £11.4 million in 2022-23.
- **National Trails:** National Trails are a world-class family of long-distance paths which provide public access through our finest landscapes. Natural England can propose new National Trails and changes to existing routes for approval by the Environment Secretary. Natural England provides a grant for management and maintenance of each of the National Trails, setting national Quality Standards. In 2023-24, Natural England distributed £3.1 million through these grants, compared to £2.7 million in 2022-23.
- **Nature Based Solutions Climate Change Grant Scheme:** Working with Defra and the Department for Energy Security and Net Zero (DESNZ), Natural England is delivering a project to research and monitor carbon sequestration in diverse habitats through landscape-scale restoration. In 2023-24, Natural England distributed £2.4 million through these grants.

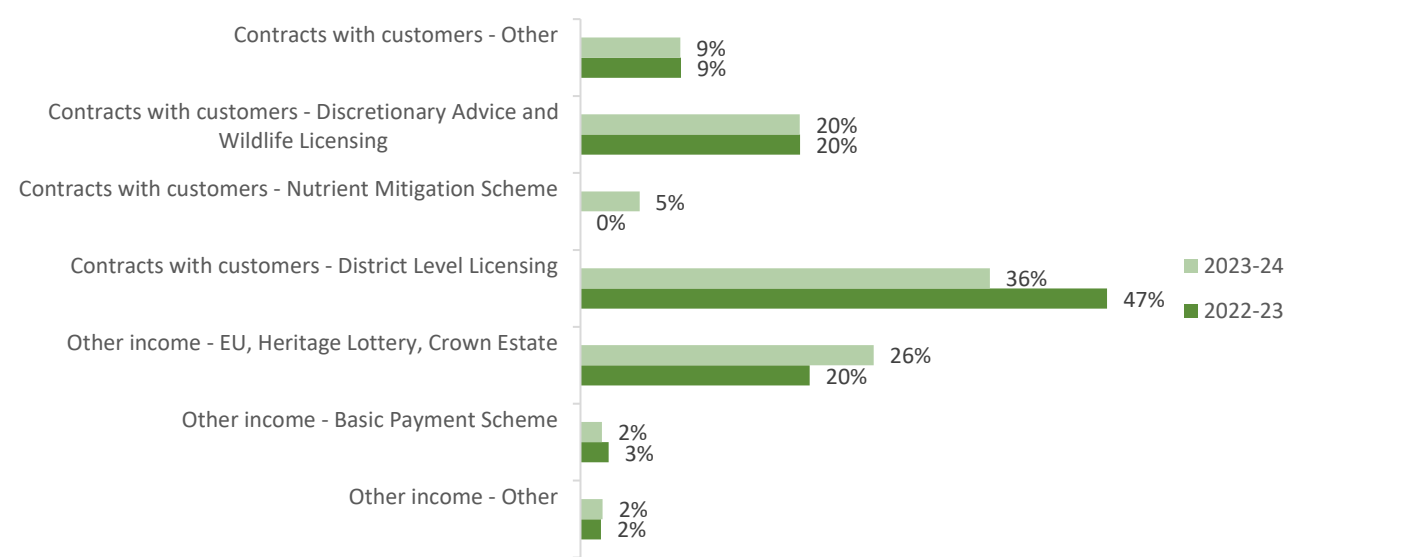
## Operating income

Natural England generates income from many of its activities, the largest of which include the District Level Licensing scheme for Great-Crested Newts and the Discretionary Advice Service,

which are classified as revenue from contracts with customers. Natural England also receives grants from the European Union and Heritage Lottery Fund, which are classified as other operating income.

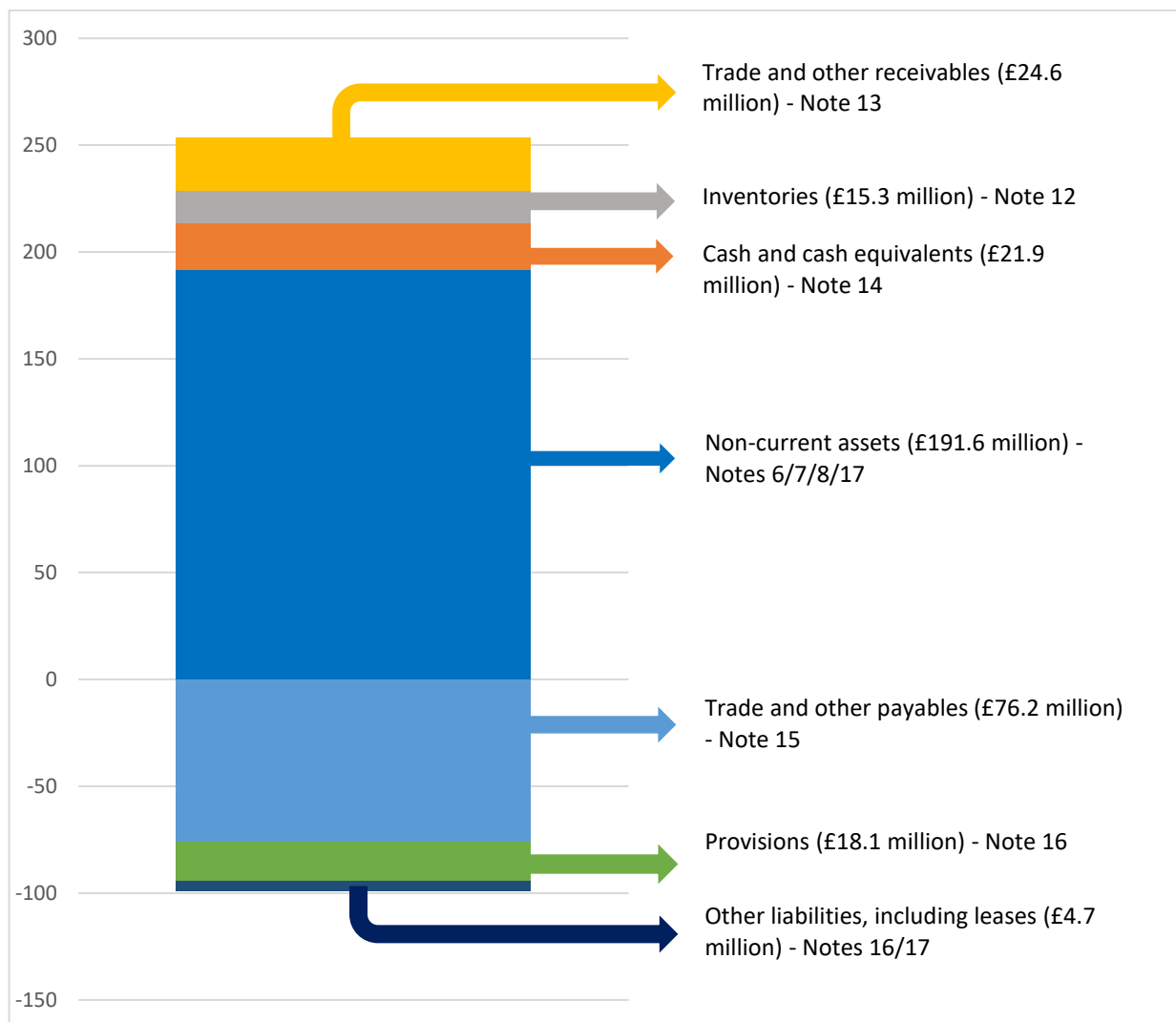
Income from the Nutrient Mitigation Scheme is expected to continue to grow in 2024-25, and Natural England expects to realise income from the Biodiversity Net Gain Register.

**Table 1: Revenue streams (as a proportion of total revenue) in 2023-24 compared to 2022-23**



## Analysis of the Statement of Financial Position

Table 2: Natural England's assets and liabilities as at 31 March 2024



## Capital investment

Natural England's capital expenditure was £83.4 million – including:

- £23.6 million, compared to £17.5 million in 2022-23, on capital research and development.
- Capital grants made up £28.7 million of the capital expenditure in 2023-24, compared to £15.5 million in the previous year.
- Natural England invested £13.0 million in new property, plant, and equipment, which includes £8.2 million of capital expenditure on assets that will be brought into service in future years. Additionally, Natural England invested £1.8 million in expanding the NNRs, which are recognised as heritage assets.
- Natural England also invested in new digital systems to facilitate schemes including Biodiversity Net Gain and the Nutrient Mitigation Scheme, with systems for both schemes being brought into service in 2023-24. There was £13.6 million in additions of intangible assets.

Natural England previously accounted for the acquisition of Nutrient Credits as capital expenditure (2022-23: £3.2 million); however a change in accounting policy means that these purchases are now recognised using an inventory model. Nutrient Credits are initially recognised on the Statement of Financial Position as inventory (previously non-current intangible assets held for sale) and the purchase price is recognised as revenue expenditure in the Statement of Comprehensive Net Expenditure in the same period that the Credit is sold to a customer.

## Human rights

Natural England has an obligation to ensure all their actions respect the human rights of those who work for them and for whom they provide services. Natural England is also a signatory to the Defra group Modern Slavery Statement.

## Social community statement

Natural England actively seeks to engage diverse communities in the natural environment. We do this through our volunteer network and other access and engagement forums. We benefit greatly from the enrichment and learning that their involvement brings. Our aim is to promote personal wellbeing, social cohesion and inclusion and to create equal opportunities for people in existing and future communities. All our National Nature Reserves are fully open to the public and these are one of our most important contributors to this aim.

## Going concern statement

Natural England assesses that it has sufficient resources for its expected expenditure for at least 12 months from the date of these financial statements. On this basis, it is considered appropriate to adopt the going concern basis for the preparation of the financial statements, as is consistent with the Government Financial Reporting Manual.

Marian Spain

Chief Executive  
Natural England

23 June 2025



# **Accountability report -**

**provides the key accountability requirements to Parliament**

This section provides the key accountability requirements to Parliament

# Corporate governance report

The following section explains the composition and organisation of Natural England’s governance structures and how they support the achievement of objectives.

## Director’s report

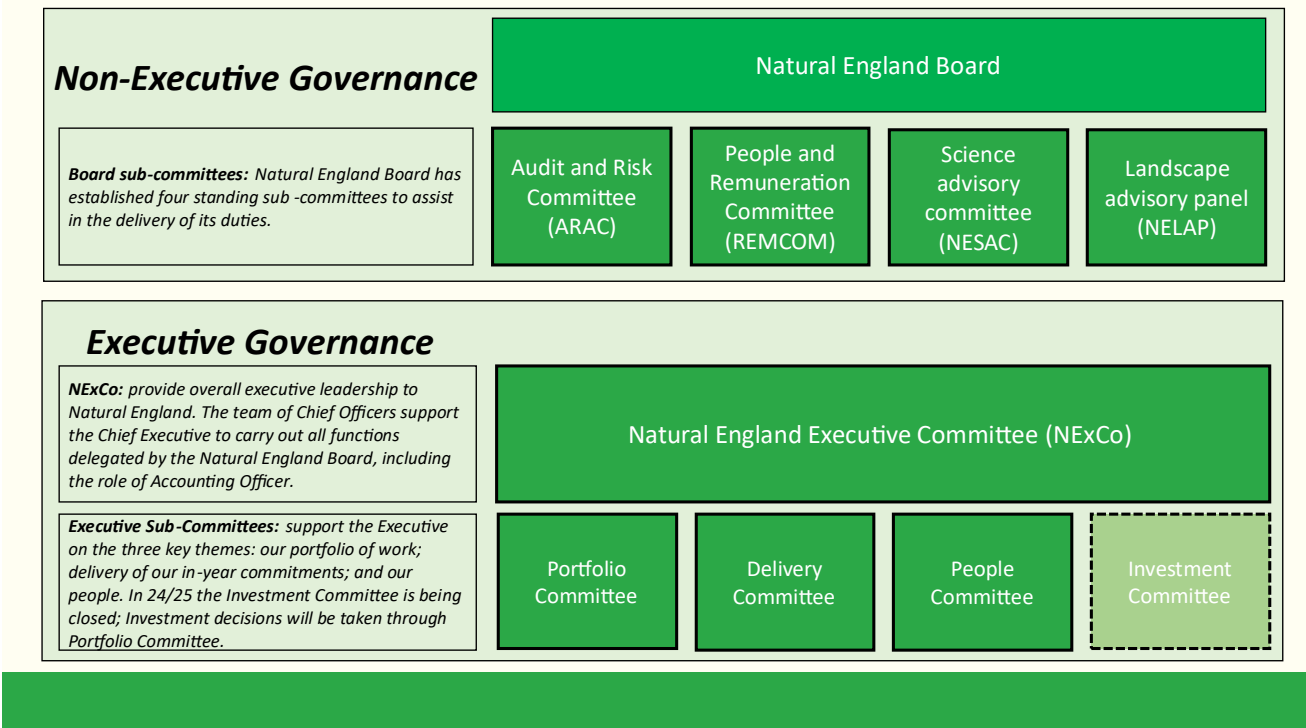
### Chief Executive and Chair

I assumed the post of Natural England’s interim Chief Executive and Accounting Officer on 3 December 2018 and was then appointed to the post on a substantive basis on 29 April 2020.

Tony Juniper was appointed as Chair on 23 April 2019.

### Governance structure

The diagram below summarises the Non-Executive and Executive governance structure.



### Board members

As of 31 March 2024, the Board was made up of 10 non-executive board members (previously 12 before 29 February 2024) including the Chair. The Chief Executive is an ex officio Board member. Full details can be found in the Remuneration and Staff report. Any significant interests held by board members which may conflict with their stewardship responsibilities are recorded and published in the Natural England register of board members' interests. Related party disclosures can be seen in note 20 to the accounts.

### Payment of trade and other payables

Government has committed to a target of paying all suppliers to the public sector within 30 days of receiving the invoice. Between April 2023 and March 2024, 99 per cent (2022-23, 99 per cent) of Natural England’s payments to suppliers were within five working days. Natural England is also subject to the Late Payment of Commercial Debts (Interest) Act 1998, which gives small firms with 50 or less employees a statutory right to interest for the late payment of commercial debts. Natural England incurred no late payment interest during 2023-24.

## Personal data related incidents

Government should provide protection for personal data, the release or loss of which could harm or cause distress to individuals. Natural England has established governance structures to ensure that information assets are handled appropriately. These include identifying risk owners, undertaking annual risk assessments and providing training to key staff. Information data handling courses are embedded into induction processes and the staff development framework. All staff are required annually to attend a training course providing information on how to handle data appropriately. For further information please see the governance statement (page 45).

## Statement of Accounting Officer's responsibilities

Under Schedule 1, Section 24(2) of the Natural Environment and Rural Communities Act 2006, Natural England is required to prepare 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 Natural England and of its net expenditure, financial position, 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 in particular to:

- Observe the Accounts Direction issued by the Secretary of State for Defra, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- Make judgments 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 the Annual Report and Accounts as a whole is fair, balanced, and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

The Principal Accounting Officer of Defra has designated the Chief Executive as Accounting Officer for Natural England. The Accounting Officer is responsible for ensuring that appropriate systems and controls are in place to ensure the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Natural England's assets, as set out in Managing Public Money, published by HM Treasury. The Accounting Officer is also responsible for ensuring that any grants offered by Natural England to other organisations are monitored robustly and that agreed deliverables are achieved in return for the grant.

## Disclosure of audit information to auditors

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Natural England's auditors are aware of that information. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

# Governance statement 2023-24

## Introduction

This statement evaluates the effectiveness of Natural England's governance arrangements, risk management and the system of internal control and stewardship of resources for the financial year 2023-24.

It will report on any specific control issues identified in 2023-24 and on the overall assurance work carried out in the year including the overall opinion from our Head of Internal Audit.

It will conclude with a statement from the Chair of the Natural England Audit Risk and Assurance Committee and with my own personal statement regarding the assurance I take around Natural England's arrangements and will set out any specific areas of current and future focus.

## Overall governance arrangements

The requirements for Natural England's governance arrangements are set out in the Natural England Framework Document. The Board has a number of functions including to:

- Develop and agree the strategic direction of the organisation
- Agree an annual action plan and review performance in delivering against it
- Ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control
- Approve all matters not delegated to the Chief Executive under the Natural England Scheme of Delegation

To assist in the delivery of these functions, the Natural England Board has established four standing sub-committees:

- **The Audit Risk and Assurance Committee (ARAC):** To review the completeness and reliability of assurances in governance, risk management and internal controls and the integrity of financial statements.
- **The People and Remuneration Committee (RemCom):** a consultative committee responsible for supporting Natural England's Chief Executive Officer in:
  1. Exercising Natural England's delegated pay authority for Natural England Senior Leadership, including the Chief Officers and Directors, and people grades (those at Deputy Director and below).
  2. Advising the CEO in exercising their wider responsibilities regarding people.
  3. Strategic approaches to and policies on people-related issues that impact Natural England's performance and success.
- **The Natural England Science Advisory Committee (NESAC):** To provide specialist advice (including from external experts) and to challenge and review Natural England's science and evidence.
- **The Natural England Landscape Advisory Panel (NELAP):** To support the organisation's ambition and innovation in delivering the range of landscape powers and duties across designated and non-designated landscapes.

## Delivery and assurances

Over 2023-24, the Natural England Board held six formal meetings. Board Member attendance of these meetings and of sub-committees is shown in the following table. It should be noted that two Board members' tenure on the Board expired on 29 February 2024; and three others whose tenure was due to expire on 11 March 2024 had their terms extended by nine months. This is reflected in the attendance at sub-committees. The figures also show where members were not part of a committee for the entire year.

**Table 1**

| Member   | Board attendance<br>(6 meetings) | ARAC attendance<br>(6 meetings) | RemCom attendance<br>(4 meetings) | NESAC attendance<br>(3 meetings) | NELAP attendance<br>(4 meetings) |
|--|----------------------------------|---------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Tony Juniper (Chair)                                     | 6/6                              | n/a                             | n/a                               | n/a                              | n/a                              |
| Marian Spain   | 6/6                              | 6/6                             | 4/4                               | n/a                              | n/a                              |
| Lord Blencathra  | 4/6                              | 3/6                             | n/a                               | n/a                              | n/a                              |
| Henry Robinson   | 5/6                              | n/a                             | 4/4                               | n/a                              | n/a                              |
| Catherine Dugmore  | 5/6                              | 6/6                             | n/a                               | n/a                              | n/a                              |
| Kim Shillinglaw  | 6/6                              | n/a                             | 3/4                               | n/a                              | n/a                              |
| Kerry ten Kate (until 29 <sup>th</sup> Feb 24)           | 5/6                              | n/a                             | 4/4                               | 2/3                              | n/a                              |
| Rosamund Blomfield-Smith (until 29 <sup>th</sup> Feb 24) | 6/6                              | 5/5                             | n/a                               | n/a                              | 4/4                              |
| Peter Unwin  | 4/6                              | 4/6                             | 4/4                               | n/a                              | n/a                              |
| Clare Fitzsimmons  | 5/6                              | n/a                             | n/a                               | 3/3                              | n/a                              |
| Dame Caroline Spelman                                    | 6/6                              | n/a                             | n/a                               | n/a                              | 11                               |
| Lynn Dicks   | 5/6                              | n/a                             | n/a                               | 2/3                              | n/a                              |
| Mel Austen   | 6/6                              | n/a                             | n/a                               | n/a                              | n/a                              |

The Board had face-to-face meetings as much as possible during 2023-24, although the shorter duration sub-committee meetings tended to be held virtually via MS Teams.

The plan for a multi-agency external Board Effectiveness Review (BER) (which had been deferred from 2021-22) did not prove achievable due to availability issues with other parties. Instead, the external BER is expected to be procured from an independent supplier during 2024-25.

A Board member recruitment campaign was overseen by Defra Public Appointments Team, with new Board members scheduled to join the Board during 2024-25.

## **Risk management**

Natural England ensures that the risks the organisation is faced with are dealt with in accordance with relevant aspects of best practice in corporate governance, and we aim to comply with the principles contained within the HM Treasury guidance Management of Risk: Principles and Concepts. Natural England does not own any business-critical models.

The Natural England Framework Document requires that the Board assure themselves that effective arrangements are in place for the management of risk. ARAC then provides a more detailed scrutiny. Principal risks are reviewed by the Executive Committee, ARAC, and Board on a quarterly basis. This ensures that the key risks impacting Natural England are accurate and relevant, enabling senior leaders to take a strategic approach to risk management and effectively scrutinise mitigations.

Natural England promotes a supportive risk culture which encourages openness. The aim of the risk management framework is to support safe and successful delivery through the effective identification, analysis and management of risks. To support this, we have a dedicated Principal in place for risk and business continuity, and their role is to continually improve Natural England's risk maturity and culture.

Natural England operates a central risk register enabling all staff to record their risks on a single repository. This allows the organisation to gain a view of our overall risk profile and utilise applications such as PowerBI to generate more graphical risk reporting. To confirm quality of risk data, the Principal will provide training to individual teams, and requests quarterly updates to the central risk register to ensure a current and accurate risk profile. The Principal will also review the data of Natural England teams, identifying where improvements are required.

Although Natural England adheres to the principles of risk management, we recognise that there is more to do to improve our risk maturity and culture to drive good risk management practices. Natural England has received recommendations to improve our risk maturity from the Government Internal Audit Agency following a 'limited assurance' report. We are developing a plan to ensure the recommendations are fully adopted and implemented into our Risk Framework to ensure organisational resilience.

## **Internal control**

Our internal controls comprise:

- A focused suite of controls and cross-checks
- An end of year review exercise with all the major teams in Natural England where we review and gather further evidence on how teams are performing in delivering the various organisational requirements to keep people, money, and data in Natural England safe and to ensure the overall safety of our governance.
- Quarterly reviews of the Defra group operating model including group-wide provision of Finance, Human Resources, Digital, Data, Technology and Security, Communications, Property and Commercial services with issues escalated to the Group Corporate Service Board and assurances on the quality and quantity of service are discussed, including any Accounting Officer or Board level risk.
- Internal audits provided by the Government Internal Audit Agency (GIAA)

One of our main sources of independent assurance comes from the activities of the internal audit service provided by a team from within the GIAA. Internal audit has an important role in the governance framework of Natural England through provision of assurance to management, the Accounting Officer and ARAC, along with identifying practical recommendations to reduce risk exposure across Natural England. The internal audit function operates to Public Sector Internal

Audit Standards, with a Head of Internal Audit from the GIAA appointed to provide the internal audit service to Natural England.

Our 2023-24 programme of work from GIAA was developed by Natural England's independent Head of Internal Audit through working with the Chief Executive, Natural England's Executive Committee and with Directors/Deputy Directors, and then with the ARAC. This programme was informed by a review of key risks from our main risk registers, Defra group risks and from an analysis of key business areas and core processes.

During the reporting period 15 audits were delivered, nine audits received a 'moderate' assurance opinion, and four audits received a 'limited' assurance opinion. GIAA provided advice on two areas of audit interest, 'SSSI Protected Sites' and 'Development of the Natural England Strategy'. As these two were advisory, no assurance opinion was given; however, areas for focus and improvement were outlined. These are summarised in the Head of Internal Audit Annual Opinion and Report which provided an overall 'moderate' assurance opinion on the adequacy and effectiveness of the framework of governance, risk management and control. Natural England acknowledges the concerns raised by GIAA regarding risk management, data protection, forecasting and budgeting and business planning and priorities and is using this feedback to enhance working practices. Natural England management have supported the findings, and there is a process to continually monitor the status and implementation of agreed actions to ensure that concerns identified have been minimised. As part of the 2024-25 audit plan, GIAA will follow up on all 'limited' reports to provide assurance that actions have been taken to address the recommendations made and implemented effectively.

## **Matters pertaining to the external audit**

Natural England did not disclose information relating to equal pay claims lodged in 2021-22 to the external auditors until 2023-24. This is because it did not at the time consider that the claims merited a contingent liability or disclosure due to the then uncertainties of time, magnitude, or success. Natural England acknowledges that notwithstanding the uncertainty and the necessity of protecting legal privilege, the lodging of the equal pay claims should have been disclosed to the auditors earlier to enable the auditor's duty to triage information relevant to the material completeness of liabilities. This led to Natural England restating prior period disclosures within its current year Annual Report and Accounts.

Natural England has put in place measures to its governance and assurance processes for the completion of Annual Report and Accounts to avoid future inadvertent omissions, including more timely information flows and protocols between Natural England and Defra, who provide corporate services, including HR, Finance, Digital, Communications and Procurement, to Natural England. Natural England considers it has taken the necessary steps to provide assurance over the Annual Report and Accounts for 2023-24, including providing the external auditors with additional representations ahead of the Comptroller and Auditor General certifying the Annual Report and Accounts.

## **Whistleblowing and counter-fraud**

Natural England has whistleblowing procedures in place, consistent with the Public Interest Disclosure Act 1998 and the Defra whistleblowing policy. We encourage employees to speak out and raise concerns about wrongdoing. Our whistleblowing policy and procedural guidance provide advice on the process for raising complaints and details of the protection afforded to staff who raise concerns. The policy also provides reassurance that concerns will be investigated promptly and professionally. The policy is accessible to all staff on the organisation's intranet and is publicised in-year. Natural England intends to conduct a review in 2024-25 to ensure they remain in line with best practice.

In 2023-24, four whistleblowing cases were raised, with three being followed up through the 'Raising a Concern' policy and one deferred to dispute resolution.

Natural England is committed to protecting public resources, revenue, property, information and other assets from any attempt, either by members of the public, contractors, sub-contractors or its own employees or volunteers to gain any financial or other benefits by deceit.

Natural England follows HM Treasury and wider guidance in adopting and implementing policies and practices to safeguard itself against fraud, error, bribery, money laundering and theft. Our policy on fraud, bribery and corruption is one of zero tolerance.

Defra's counter-fraud strategy and policy applies to all Natural England Board members and staff whether permanent, part-time, fixed term, casual employees, or volunteers of Natural England, and to any temporary staff, consultants or contractors working on Natural England's behalf. Natural England has a fraud response plan and fraud risk register which will be reviewed in summer 2024.

All cases of irregularity and suspected fraud are thoroughly investigated and dealt with appropriately.

Natural England measures and collates information of third-party use of Government Procurement Card (GPC) either through lost/stolen cards or cloning of individuals GPC, this information is received via RBS Natural England's GPC provider. There were no cases of GPC fraud or irregularity identified within the organisation in 2023-24.

To assess our performance in this area, Natural England engages in benchmarking both against other bodies in Defra group and against the Cabinet Office Counter Fraud Functional Standard (GovS 013). A review in 2022-23 found that Natural England has the foundations for a very well managed approach to fraud and error. Additional staff resources have been allocated to the development of a comprehensive counter-fraud implementation plan for Natural England ready for roll out in 2024-25.

## **Security and information management**

There are a range of duties placed on Natural England, as on other public bodies, for the security of staff, public assets and of data held or processed by the organisation.

Natural England continues to drive good security and information behaviours by continuing to engage with teams working on digital and data, as well as taking a comprehensive view of issues through the Digital & Data Steering Group. We continue to develop the Information Commissioner's Accountability Framework and have retained a continued focus on the delivery of Security and Information Training.

As part of the Defra Group project to remove legacy applications we have migrated all our records from our old enterprise content management system to our new SharePoint online Records Hub. Work has continued to improve our security and cyber security controls within other legacy applications.



In 2023-24 the following incidents were referred to the Natural England Security Team:

|                           |    |
|---------------------------|----|
| • Leaks                   | 0  |
| • Losses                  | 21 |
| • Complaints              | 1  |
| • Personal Data           | 27 |
| • Unauthorised disclosure | 50 |
| • Physical Security       | 41 |

All reported incidents are followed up to ensure that steps have been taken to address the issue, and advice is provided to affected parties regarding any recommended remedial actions. None of the incidents recorded met the threshold for reporting to the Information Commissioner's Office but some matters have been referred for clarification to ensure we are always taking the most appropriate steps.

Natural England has completed a cross-group survey of staff awareness and behaviours regarding security (both physical and information). The survey demonstrated an improvement in awareness of staff and a better understanding of how to obtain support, guidance, and advice but with improvements needed in uptake of security training.

## **Concluding statements**

### **From the Chair of ARAC**

As Chair of the Audit Risk Assurance Committee, I have made relevant inquiries and received sufficient assurances that ARAC has had sufficient opportunity to review the comprehensiveness, reliability and integrity of assurances and has supported the Natural England Board in their responsibilities for risk management, control, and governance. In providing this assurance, I have referred to governance guidelines issued by HM Treasury in the Financial Reporting Manual, the Audit and Risk Assurance Committee Handbook for Arm's Length Bodies, and the Corporate Governance Code for Central Government Bodies.

### **From the Chief Executive**

This Governance Statement covers the period of 2023-24 over which I was Chief Executive of Natural England. My review of assurances for this year has been informed by the work of the Natural England Audit Risk and Assurance Committee, the GIAA, assurances from senior managers with delegated responsibilities within the organisation, and the comments and recommendations made by the external auditors in various other reports. As with last year, this year has again demonstrated that the context in which Natural England operates grows in complexity as both our organisation and ambitions for nature recovery continue to grow. I am confident that our controls will continue to evolve to match that. Overall, I am satisfied that Natural England has effective governance, risk management and internal controls in place.

# Remuneration and staff report

This report provides details about Natural England's remuneration and staff that Parliament and others see as important to accountability.

## Remuneration report

### Appointments

Appointments to Natural England's Board are made by the Secretary of State for Environment, Food, and Rural Affairs and in accordance with the Code of Practice for Ministerial Appointments to Public Bodies issued by the Office of the Commissioner for Public Appointments. Appointments are typically made for three years.

Information about Natural England's board members is available on [www.gov.uk/government/organisations/natural-england/about/our-governance](http://www.gov.uk/government/organisations/natural-england/about/our-governance).

Directors are appointed on merit through fair and open competition in accordance with the Constitutional Reform and Governance Act 2010. The [Civil Service Commission](#) Recruitment Principles specify the circumstances in which appointments may be otherwise made.

Natural England's Chief Executive is appointed for a three-year term, which was renewed in 2023 until April 2026. All Chief Officers are employed through permanent contracts which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

### Remuneration policy

The remuneration for the Senior Civil Service (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB). Defra receives guidance from the Cabinet Office and formulates the reward strategy for staff equivalent to the SCS in Natural England for the purposes of pay. Board members' remuneration is determined by the Department for Environment, Food, and Rural Affairs.

### Salary

Salary refers to gross salary and any other allowances to the extent that they are subject to UK taxation. This report is based on accrued payments made by Natural England and thus recorded in these accounts.

### Non-consolidated performance related payments

Natural England's Leadership Group, which includes the Chief Executive, Chief Officers, and Directors are eligible for non-consolidated performance related payments based on their performance rating as agreed with their line manager at the end of each performance year. The amount payable to the Chief Executive are determined by the Chair, and the amounts payable to the Chief Officers is determined by the Chief Executive, all supported by the Remuneration Committee.

Payments are made in arrears, so payments made in 2023-24 relate to performance ratings for 2022-23. Awards can also be made before the end of the performance year, subject to a maximum of £3,500 per award, and individuals can receive more than one award in-year. The total payable to all eligible staff should not exceed 3.3 per cent of the SCS-equivalent collective pay bill.

### Benefits in kind

Staff receive certain minor benefits in kind. Natural England accounts for income tax on such benefits on an aggregate basis, as it is not possible to disclose individual amounts.

**Table 1: Natural England non-executive board remuneration – audited**

| Board member                              | 2023-24<br>£'000 | 2022-23<br>£'000 | Board member                                       | 2023-24<br>£'000 | 2022-23<br>£'000 |
|---|------------------|------------------|--|------------------|------------------|
| Dr Tony Juniper CBE (Chair)               | 85-90            | 85-90            | Professor Clare Fitzsimmons                        | 10-15            | 10-15            |
| The Rt Hon Lord Blencathra (Deputy Chair) | 25-30            | 25-30            | Professor Lynn Dicks (from 1 Mar 2023)             | 10-15            | 0-5              |
| Catherine Dugmore                         | 10-15            | 10-15            | The Rt Hon Dame Caroline Spelman (from 1 Mar 2023) | 10-15            | 0-5              |
| Henry Robinson                            | 10-15            | 10-15            | Professor Mel Austen (from 1 Apr 2023)             | 10-15            | -                |
| Kim Shillinglaw                           | 10-15            | 10-15            | Rosamund Blomfield-Smith (left 29 Feb 2024)        | 10-15            | 10-15            |
| Peter Unwin                               | 10-15            | 10-15            | Kerry ten Kate (left 29 Feb 2024)                  | 10-15            | 10-15            |

These amounts are based on actual expenditure incurred. The full year equivalent for board members who joined or left part way through the year was £10-15k in 2023-24, and £10-15k in 2022-23.

**Table 2: Natural England Executive Committee remuneration - audited**

Kirsty Carter-Brown started her role as a Chief Officer on 26 January 2023. The equivalent full-year salary in 2022-23 was £95-100k. Gleny Lovell left Natural England on 3 February 2023. The equivalent full-year salary in 2022-23 was £95-100k.

|                        | 2023-24 £'000 |             |         |         | 2022-23 £'000 |             |         |         |
|------------------------|---------------|-------------|---------|---------|---------------|-------------|---------|---------|
|                        | Salary        | Performance | Pension | Total   | Salary        | Performance | Pension | Total   |
| <b>Chief Executive</b> |               |             |         |         |               |             |         |         |
| Marian Spain           | 140-145       | 5-10        | 55      | 200-205 | 130-135       | 5-10        | 52      | 190-195 |
| <b>Chief Officers</b>  |               |             |         |         |               |             |         |         |
| Alan Law               | 105-110       | 5-10        | (17)    | 95-100  | 100-105       | 0-5         | (57)    | 45-50   |
| Tim Hill               | 100-105       | -           | 39      | 140-145 | 95-100        | 0-5         | (23)    | 75-80   |
| Oliver Harmar          | 100-105       | 0-5         | 40      | 140-145 | 90-95         | 5-10        | 37      | 135-140 |
| Kirsty Carter-Brown    | 100-105       | 0-5         | 118     | 220-225 | 15-20         | -           | 8       | 25-30   |
| Navroza Ladha          | 105-110       | 5-10        | 61      | 170-175 | 100-105       | 0-5         | (20)    | 80-85   |
| Gleny Lovell           | -             | -           | -       | -       | 80-85         | -           | 32      | 110-115 |

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 (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

**Table 3: Natural England Executive Committee pension benefits - audited**

|                        | <b>Total accrued pension<br/>at pension age and<br/>related lump sum at 31<br/>March 2024 £'000</b> | <b>Real increase in<br/>pension and related<br/>lump sum at pension<br/>age £'000</b> | <b>CETV at 31<br/>March 2024<br/>£'000</b> | <b>CETV at 1 April<br/>2023 £'000</b> | <b>Real increase/<br/>(decrease in<br/>CETV) £'000</b> |
|------------------------|---|---|--|---------------------------------------|--|
| <b>Chief Executive</b> |   |   |  |                                       |  |
| Marian Spain           | 15-20   | 2.5-5   | 295  | 215                                   | 43   |
| <b>Chief Officers</b>  |   |   |  |                                       |  |
| Alan Law               | 40-45 plus a lump sum of<br>115-120   | 0 plus a lump sum of 0  | 1,093                                      | 1,031                                 | (34)   |
| Tim Hill               | 45-50 plus a lump sum of<br>130-135   | 0-0.25 plus a lump sum of<br>0  | 1,131                                      | 1,010                                 | 28   |
| Oliver Harmar          | 5-10  | 0-2.5   | 76   | 42                                    | 22   |
| Kirsty Carter-Brown    | 45-50   | 5-7.5   | 844  | 680                                   | 99   |
| Navroza Ladha          | 50-55   | 2.5-5   | 921  | 790                                   | 47   |

## Civil Service Pensions

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 a few 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 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 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.

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<sup>1</sup> is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part 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. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership

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<sup>1</sup> [www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension](https://www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension)

between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or **alpha** benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. 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)

## Cash Equivalent Transfer Values

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 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, 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.

## Fair pay disclosures

Natural England discloses:

- the relationship between both total pay and benefits and the salary component of total pay and benefits of the highest paid director in their organisation and in respect of employees of the organisation taken as a whole; and the relationship between the remuneration of the highest paid director in their organization and the lower quartile, median and upper quartile of the organisation's workforce.

Total remuneration includes salary, non-consolidated payments including performance-related pay, and the payment of £1,500 pro-rata made to eligible employees covered by the Civil Service

Pay Remit Guidance. It does not include severance payments, employer contributions and the cash equivalent transfer value of pensions.

**Table 4: Fair pay disclosures**

|   | Salary and allowances |                      | Total remuneration   |                      |
|---|-----------------------|----------------------|----------------------|----------------------|
|   | 2023-24               | 2022-23              | 2023-24              | 2022-23              |
| Banded remuneration of the highest paid director  | £140-145k             | £130-135k            | £145-150k            | £135-140k            |
| Percentage change from the previous financial year in respect of the highest paid director                            | 7.5%                  | 0.0%                 | 7.3%                 | 3.8%                 |
| Median remuneration of the workforce (50 <sup>th</sup> percentile)  | £36,098               | £33,399              | £36,182              | £33,736              |
| Ratio of remuneration of the highest paid director to median remuneration of the workforce                            | 3.9                   | 4.0                  | 4.1                  | 4.1                  |
| 25 <sup>th</sup> percentile remuneration of the workforce   | £29,455               | £27,273              | £30,955              | £27,453              |
| Ratio of remuneration of the highest paid director to 25 <sup>th</sup> percentile remuneration of the workforce       | 4.8                   | 4.9                  | 4.8                  | 5.0                  |
| 75 <sup>th</sup> percentile remuneration of the workforce   | £36,739               | £34,394              | £38,308              | £34,852              |
| Ratio of remuneration of the highest paid director to 75 <sup>th</sup> percentile remuneration of the workforce       | 3.9                   | 3.9                  | 3.9                  | 3.9                  |
| Range of banded remuneration for the workforce  | £10-15k-£140-145k     | £10-15k to £130-135k | £10-15k to £145-150k | £10-15k to £135-140k |
| Average percentage change from the previous financial year in respect of the workforce of the entity taken as a whole | 2.8%                  | 3.0%                 | 5.8%                 | 3.2%                 |

Natural England is also required to disclose the following in respect of year-on-year change for performance pay and bonuses:

|                       | 2023-24 |
|-----------------------|---------|
| Staff average         | 307.2%  |
| Highest paid director | 0.0%    |

The majority of staff in eligible grades received a non-consolidated, pro-rated cost-of-living payment of £1,500. This has a significant impact on the percentage change from the prior year for the average of the workforce as a whole.



## Civil Service and other compensation schemes – audited

**Table 5: Reporting of Civil Service and other compensation scheme – exit packages**

| Cost band                  | 2023-24                           |                                   |                               |  | 2022-23                           |                                   |                               |
|----------------------------|-----------------------------------|-----------------------------------|-------------------------------|--|-----------------------------------|-----------------------------------|-------------------------------|
|                            | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |  | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |
| £10,000 - £25,000          | -                                 | 2                                 | 2                             |  | -                                 | -                                 | -                             |
| £25,001 - £50,000          | -                                 | 1                                 | 1                             |  | -                                 | -                                 | -                             |
| £50,000 - £100,000         | -                                 | 1                                 | 1                             |  | -                                 | -                                 | -                             |
| Total resource cost (£000) | -                                 | 148                               | 148                           |  | -                                 | -                                 | -                             |

£106k of exit packages disclosed for 2023-24 (for two packages) relate to items that were committed to in previous years.

## Staff report

**Table 6: Staff costs - audited**

| Cost description                                  | 31 March 2024<br>£'000 | 31 March 2023<br>£'000 |
|---|------------------------|------------------------|
| Permanent staff salaries and allowances           | 109,768                | 89,392                 |
| Employer superannuation payment                   | 27,546                 | 22,966                 |
| Partnership pension contributions                 | 137                    | 136                    |
| Permanent staff social security costs             | 10,966                 | 8,739                  |
| Apprenticeship levy                               | 531                    | 437                    |
| Agency and temporary staff                        | 2,450                  | 3,861                  |
| Inward secondees                                  | 816                    | 493                    |
| Temporary staff social security                   | 136                    | 136                    |
| Temporary staff superannuation                    | 447                    | 462                    |
| Other staff costs                                 | 154                    | 93                     |
| Less recoveries in respect of outward secondments | (1,519)                | (1,450)                |
| <b>Total</b>                                      | <b>151,432</b>         | <b>125,265</b>         |



## Staff numbers

The average number of full-time equivalent persons (FTE) employed within Natural England during the year was as follows:

**Table 7: Average number of full-time equivalent persons employed - audited**

| Permanent staff                                | 2023-24      | 2022-23      |
|--|--------------|--------------|
| Executive/Director                             | 27           | 25           |
| Deputy Director                                | 40           | 0            |
| Manager/Principal Specialist/Principal Adviser | 323          | 294          |
| Team Leader/Senior Specialist/Senior Adviser   | 1,086        | 943          |
| Group Coordinator/Lead Adviser/Lead Adviser    | 928          | 881          |
| Adviser/Support Adviser                        | 430          | 434          |
| <b>Sub-total</b>                               | <b>2,834</b> | <b>2,577</b> |
| Temporary and contract staff                   |              |              |
| Executive/Director                             | 2            | 1            |
| Deputy Director                                | 0            | 0            |
| Manager/Principal Specialist/Principal Adviser | 6            | 5            |
| Team Leader/Senior Specialist/Senior Adviser   | 30           | 35           |
| Group Coordinator/Lead Adviser/Lead Adviser    | 78           | 63           |
| Adviser/Support Adviser                        | 84           | 114          |
| <b>Total</b>                                   | <b>3,034</b> | <b>2,795</b> |

## Senior Civil Service staff

The actual number (headcount) of senior civil servant-equivalent substantive staff on 31 March 2024 was:

**Table 8: Senior Civil Service pay band headcount as at 31 March 2024**

| Pay band                | 2023-24   | 2022-23   |
|-------------------------|-----------|-----------|
| Chief Executive (SCS 3) | 1         | 1         |
| Chief Officer (SCS 2)   | 5         | 5         |
| Director (SCS 1)        | 22        | 26        |
| <b>Total</b>            | <b>28</b> | <b>32</b> |

## Staff turnover

Natural England discloses the proportion of employees leaving the organisation in line with Cabinet Office guidance on Civil Service turnover calculations.

**Table 9: Natural England staff turnover for the year-ending 31 March 2024**

|   | 2023-24 | 2022-23 |
|---|---------|---------|
| Permanent and fixed-term appointees leaving before their end date | 8.54%   | 9.40%   |

## Workforce and diversity profile

In line with the Equality Act 2010, Natural England, like all public bodies, is subject to the Public Sector Equality Duty and must have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. The duty covers the nine protected characteristics. Natural England ensures that the terms, policies, procedures, programmes, services, and systems it offers

its employees and customers are fair and equitable. Oversight of the development, improvement and maintenance of Equality, Diversity, Inclusion (EDI), and well-being in Natural England is owned by the Natural England People Committee.

The following tables summarise Natural England's workforce and diversity profiles as of 31 March 2024 extracted from the corporate human resources management system:

**Table 10: Gender split by headcount as at 31 March 2024**

|                                 | Male        |             | Female      |             |
|---------------------------------|-------------|-------------|-------------|-------------|
|                                 | 31 Mar 2024 | 31 Mar 2023 | 31 Mar 2024 | 31 Mar 2023 |
| Board members                   | 4           | 5           | 6           | 5           |
| Senior Civil Service-equivalent | 15          | 17          | 13          | 15          |
| All other employees             | 1,282       | 1,267       | 1,953       | 1,880       |

Natural England published its Gender Pay Gap Report 2023 on 28<sup>th</sup> March 2024. This shows a decrease of 0.8 percentage points for the mean average and 0.3 percentage points for the median average, maintaining a continuous downward trend since 2017.

**Table 11: Gender pay gap – ordinary pay**

|                       | 2020 (%) | 2021 (%) | 2022 (%) | 2023 (%) | +/- from 2022 |
|-----------------------|----------|----------|----------|----------|---------------|
| Mean gender pay gap   | 7.0      | 5.0      | 3.8      | 3.0      | -0.8          |
| Median gender pay gap | 2.7      | 1.0      | 0.3      | 0.0      | -0.3          |

**Table 12: Gender pay gap – bonus pay**

|                       | 2020 (%) | 2021 (%) | 2022 (%) | 2023 (%) | +/- from 2022 |
|-----------------------|----------|----------|----------|----------|---------------|
| Mean gender pay gap   | 0.9      | 0.6      | 10.00    | 10.8     | +0.8          |
| Median gender pay gap | -160.0   | 0.0      | 0.0      | 0.0      | -0.0          |

**Table 13: Gender pay gap – proportion of employees paid a bonus**

|        | 2020 (%) | 2021 (%) | 2022 (%) | 2023 (%) | +/- from 2022 |
|--------|----------|----------|----------|----------|---------------|
| Male   | 91       | 41       | 74       | 81       | +7            |
| Female | 92       | 44       | 73       | 82       | +9            |

In the report, Natural England has set out its on-going actions to reduce the pay gap by delivering several initiatives through the Defra group Equality, Diversity, and Inclusion Roadmap, Natural England's Equality, Diversity, and Inclusion Action Plan and through the established cross Defra group Gender Board.

The Defra group Gender Board is chaired by a Defra Executive Committee Champion and feeds into an overall Inclusion Leadership Group of senior leaders which has oversight of ongoing work to improve equality, promote collaborative working and remove barriers to progress.

Natural England has created an increased focus on implementing, monitoring, and measuring progress against actions that help to close the pay gap. We work in collaboration with our staff networks and our colleagues in Defra group (Pay, Reward and Equality, Diversity, and Inclusion teams) to ensure we have the right focus on this work. We continue with programmes and initiatives that are already making a difference:

- We have embedded inclusive practices into our outreach, application, recruitment, and selection processes. We continue to anonymise the application process, ensure all interviewers complete Natural England's interview training and the mandatory Inclusion in

the Civil Service training and use diverse panels where possible. We monitor recruitment data throughout the attraction, recruitment, and selection processes to identify areas for further improvement in achieving greater diversity in our workforce. We have invested in specialist resource to help make our recruitment processes as inclusive and accessible as possible.

- We have reviewed workplace policies and guidance to support workplace equality, including maternity, adoption and shared parental leave, parental bereavement leave, created breastfeeding, fertility, pregnancy loss and parents' guidance, and are working to ensure support for menopause. Natural England promotes flexible working arrangements from the first day of employment including job sharing, part-time working and blended working for all employees.
- In addition to Natural England's Gender Equality Network and Pregnancy and Parenting Network we also have cross Defra group Job Share, Solo Parents, and a Work Life Balance Network. Our Networks are championed by Natural England Directors with support from the Natural England Equality, Diversity, and Inclusion team. They offer peer-support and networking opportunities for our staff, act as consultative support to the organisation, and help raise awareness of diversity through the sharing of lived experiences.
- We are supporting career development of women through learning opportunities, such as mentoring and talent schemes, apprenticeships and facilitating discussions on career aspirations through our career conversations guide.
- Key issues are escalated through the Natural England Equality, Diversity and Inclusion Team, the Natural England People Committee or the Defra group Gender Board.
- Natural England obtained White Ribbon accreditation in May 2023. The accreditation ensures organisations are taking a strategic approach to ending harm to women by men, by strengthening systems, engaging with men, and seeking to change culture and raise awareness. We have developed a specific White Ribbon action plan covering 4 key areas on: strategic leadership, engaging men and boys, changing culture and raising awareness to ensure progress.
- Monitor pay (including in year reward and recognition) to identify any pay differences and take targeted action to ensure all processes are fair and transparent. An analysis of the bonus gap with a focus on an hourly gap, which considers pro-rata employees, will give a different perspective on the bonus gender gap.
- We are improving inclusion in the organisation through our Equality, Diversity, and Inclusion Learning and Capability offer to foster inclusion among all employees.

**Table 14: Staff age by headcount, excluding non-executive directors**

| Age range           | 16-19 | 20-29 | 30-39 | 40-49 | 50-59 | 60+ | Total |
|---------------------|-------|-------|-------|-------|-------|-----|-------|
| Number of employees | 6     | 603   | 784   | 793   | 786   | 301 | 3,273 |

## Diversity and inclusion

**Table 15: Natural England diversity and inclusion indicators**

| Indicator                                  | 23-24         | 22-23 restated | Trends   | Commentary |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
|--|---------------|----------------|--|------------|------------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---|
| Gender balance in the Senior Civil Service | 46.43% female | 50.00% female  | <p>Female SCS staff</p> <table><tr><th>Year</th><th>Percentage</th></tr><tr><td>2023/24</td><td>46.43%</td></tr><tr><td>2022/23</td><td>50.00%</td></tr><tr><td>2021/22</td><td>50.00%</td></tr><tr><td>2020/21</td><td>42.00%</td></tr><tr><td>2019/20</td><td>40.00%</td></tr><tr><td>2018/19</td><td>32.00%</td></tr></table>             | Year       | Percentage | 2023/24 | 46.43% | 2022/23 | 50.00% | 2021/22 | 50.00% | 2020/21 | 42.00% | 2019/20 | 40.00% | 2018/19 | 32.00% | This has increased in recent years and reached parity in 2022-23 but as the population is low, even a small change has a dramatic effect.   |
| Year                                       | Percentage    |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2023/24                                    | 46.43%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2022/23                                    | 50.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2021/22                                    | 50.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2020/21                                    | 42.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2019/20                                    | 40.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2018/19                                    | 32.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| BAME                                       | 3.77%         | 3.73%          | <p>BAME Staff</p> <table><tr><th>Year</th><th>Percentage</th></tr><tr><td>2023/24</td><td>3.77%</td></tr><tr><td>2022/23</td><td>3.73%</td></tr><tr><td>2021/22</td><td>3.00%</td></tr><tr><td>2020/21</td><td>2.80%</td></tr><tr><td>2019/20</td><td>2.20%</td></tr><tr><td>2018/19</td><td>2.50%</td></tr></table>                         | Year       | Percentage | 2023/24 | 3.77%  | 2022/23 | 3.73%  | 2021/22 | 3.00%  | 2020/21 | 2.80%  | 2019/20 | 2.20%  | 2018/19 | 2.50%  | There has been a slight increase since 2022-23. Natural England will work with Defra group to deliver changes through the Defra EDI Roadmap (2024-26) and a subsequent Natural England EDI action plan.     |
| Year                                       | Percentage    |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2023/24                                    | 3.77%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2022/23                                    | 3.73%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2021/22                                    | 3.00%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2020/21                                    | 2.80%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2019/20                                    | 2.20%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2018/19                                    | 2.50%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| Disability                                 | 18.11%        | 17.02%         | <p>Disability declaration rates</p> <table><tr><th>Year</th><th>Percentage</th></tr><tr><td>2023/24</td><td>18.11%</td></tr><tr><td>2022/23</td><td>17.02%</td></tr><tr><td>2021/22</td><td>14.00%</td></tr><tr><td>2020/21</td><td>11.00%</td></tr><tr><td>2019/20</td><td>10.00%</td></tr><tr><td>2018/19</td><td>13.00%</td></tr></table> | Year       | Percentage | 2023/24 | 18.11% | 2022/23 | 17.02% | 2021/22 | 14.00% | 2020/21 | 11.00% | 2019/20 | 10.00% | 2018/19 | 13.00% | Rates have consistently improved. We continue to support staff through improvements to our learning and capability offer on disability awareness and our disability network which offers peer-peer support. |
| Year                                       | Percentage    |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2023/24                                    | 18.11%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2022/23                                    | 17.02%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2021/22                                    | 14.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2020/21                                    | 11.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2019/20                                    | 10.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2018/19                                    | 13.00%        |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| Sexual orientation                         | 9.62%         | 8.71%          | <p>Sexual Orientation</p> <table><tr><th>Year</th><th>Percentage</th></tr><tr><td>2023/24</td><td>9.62%</td></tr><tr><td>2022/23</td><td>8.71%</td></tr><tr><td>2021/22</td><td>6.50%</td></tr><tr><td>2020/21</td><td>5.00%</td></tr><tr><td>2019/20</td><td>4.50%</td></tr><tr><td>2018/19</td><td>4.50%</td></tr></table>                 | Year       | Percentage | 2023/24 | 9.62%  | 2022/23 | 8.71%  | 2021/22 | 6.50%  | 2020/21 | 5.00%  | 2019/20 | 4.50%  | 2018/19 | 4.50%  | The Natural England Pride in Nature Network for LGBTQ+ staff continues to provide peer-peer support   |
| Year                                       | Percentage    |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2023/24                                    | 9.62%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2022/23                                    | 8.71%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2021/22                                    | 6.50%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2020/21                                    | 5.00%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2019/20                                    | 4.50%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |
| 2018/19                                    | 4.50%         |                |  |            |            |         |        |         |        |         |        |         |        |         |        |         |        |   |

Natural England has adopted a new methodology for calculating these indicators in which the indicators are expressed as a percentage of Natural England's population excluding unknown and those who replied, 'prefer not to say', rather than whole population. This applies to both the current year figures and prior year comparatives, which have been restated.

**Table 16: Disabled, ethnic minority, and LGBTQ+ representation by pay band**

| Pay band   | Disabled | Ethnic minority | LGBTQ+ |
|--|----------|-----------------|--------|
| Support Adviser                                  | 22.39%   | 4.48%           | 10.00% |
| Adviser  | 22.16%   | 6.11%           | 13.60% |
| Lead Adviser, Group Coordinator, Specialist      | 19.96%   | 3.42%           | 11.07% |
| Team Leader, Senior Adviser, Senior Specialist   | 17.24%   | 3.76%           | 8.62%  |
| Manager, Principal Adviser, Principal Specialist | 12.40%   | 2.09%           | 5.67%  |
| Deputy Director                                  | 10.71%   | 3.70%           | 5.56%  |
| SCS  | 7.14%    | 8.00%           | 3.85%  |
| Organisational average                           | 18.11%   | 3.77%           | 9.62%  |

EDI is a central priority within Natural England; it impacts on everything we do as an organisation. We have delivered the EDI Action Plan for 2023-24 focusing on seven key areas:

- Diversity and inclusive recruitment
- Improve Respect at Work
- Improve EDI confidence of all staff through more EDI learning and development opportunities
- Improve EDI leadership, communication and engagement
- Listening circles – understanding lived experience
- Improve data and evidence to allow confident and robust benchmarking
- Grow and sustain our staff networks

To date the internal inclusion work has been delivered through the EDI programme and Natural England's external facing inclusion work through the Connecting People with Nature (CPWN) programme. In autumn 2022, the [Changing the world from within report](#) (looking at ethnic diversity across the environment sector) was published, alongside the route map towards greater ethnic diversity in the environment sector which we supported the creation of and signed up to deliver the recommendations. The EDI team and the CPWN programme continue to work closely together to deliver the actions set out within the route map for Natural England.

## Recruitment practice

Natural England is accredited with the Civil Service Commissioners as a fair and open recruiter. This enables Natural England, as a NDPB, to use the Civil Service website to advertise a vacancy and our people to apply for civil service wide jobs.

We are committed to recruit, develop, and retain a diverse workforce supported by a culture of respect and inclusion, embodying our vision that nature is for all. Building diversity and inclusive behaviours into our workforce at all levels, from our Board down, will bring breadth of experience and views to our organisation and create a workforce that the entire environmental sector can benefit from. To help attract a more diverse workforce, we have reviewed the wording in our role descriptions and advertise on a wide range of platforms including those targeted at diverse communities, as well as Indeed and Google Ads. We have recently started a programme of

Outreach work to promote our brand and values and attended the Skills London Event aimed at students aged between 16 years and 24 years.

We adopt anonymous sifting and selection process up to interview stage. Interview panel members are required to undertake Civil Service Expectations training, and we endeavour to avoid single gender selection panels which are allowed by exception only.

Natural England operates a guaranteed interview scheme, which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post. We offer reasonable adjustments for interviews and to successful candidates once in post. This supports individuals in carrying out their role and can be captured and agreed with the line manager in a workplace adjustment passport.

## **Staff survey**

Being recognised by employees and leaders as an engaging and inclusive organisation that is a great place to work is of critical importance to Natural England. The People Survey helps Natural England leaders understand issues facing our people and how they are feeling. It is an important channel for our people to have their say, to tell Natural England what matters most to them. The results of the People Survey are used to explore what's working well, any changes that need to be made and ultimately shape Natural England's future priorities.

In June 2023, People Committee gave approval for the outsourcing of the 2024 People Survey and in November 2023 MEL Research was appointed as survey provider following the external bidding and procurement process. The questions for the 2024 People Survey were based upon the following:

- The core Civil Service 2023 survey questions
- The EDI (Equality, Diversity, and Inclusion) questions from the Natural England Pulse Survey in February 2023
- Health and Safety Executive Stress Indicator questions
- 7 Psychological Safety questions
- Natural England People Performance survey questions
- The 2022 Natural England People Survey questions

Internal stakeholders, including the Trade Unions, were consulted on the question set and approval was given for the questions by the Natural England Research Ethics Committee and the Natural England People Committee in January 2023.

On 4 March 2024 the People Survey opened, and 65 per cent of the organisation completed the survey which closed on 22 March 2024.

The engagement score for Natural England is 63 per cent which is in line with the 2023 Civil Service value of 64 per cent.

**Table 17: Employee engagement scores**

| Employee engagement questions                                   | Agree | Neither | Disagree |
|---|-------|---------|----------|
| I am proud when I tell others I am part of Natural England.     | 63%   | 27%     | 10%      |
| I would recommend Natural England as a great place to work.     | 60%   | 27%     | 13%      |
| I feel strong personal attachment to Natural England.           | 53%   | 28%     | 18%      |
| Natural England inspires me to do the best in my job.           | 51%   | 31%     | 18%      |
| Natural England motivates me to help it achieve its objectives. | 48%   | 33%     | 19%      |

## Natural England People Strategy

The Natural England People Strategy (which will be replaced by the Strategic Workforce Plan) ran from July 2019 to 31 March 2024 and set out our priorities for supporting our staff with fair reward, making the best of their expertise, and enabling better career progression. It also sought to make Natural England a place where individuals are accepted and valued for who they are as well as the skills they bring.

The strategy was based around six themes:

1. strategic workforce planning and resourcing
2. wellbeing
3. capability
4. leadership
5. career development
6. employee offer

**Table 18: Progress against People Strategy themes**

| Theme  | Progress   |
|--|--|
| Strategic workforce planning and resourcing          | Over the course of 2023-24 we have worked collaboratively with Defra colleagues to develop a comprehensive Strategic Workforce Plan, ensuring that it reflects emerging priorities and issues. The revised Plan sets our key people priorities across 6 main themes: Roles and responsibilities/Operating Model, Agility and Prioritisation, Skills and Professional Standards, Leadership Capability, Attraction and Retention, and EDI representation. The Strategic Workforce Plan will replace the People Strategy.  |
| Wellbeing (including Equality, Diversity, Inclusion) | Following a review of our work-related stress policies and processes, People Committee have overseen the development and delivery of a comprehensive and sustainable Stress Reduction Plan, aimed at identifying and reducing the causes of work-related stress. Senior leaders have been actively engaged in reporting against actions in this plan. Regular updates continue to be reported back to the organisation and a review is currently underway to ensure actions meet current need. A new EDI Action Plan delivered an EDI recruitment roadmap, and an improved learning and capability offer for all staff. We will refresh this for 2024 to further support delivery of |



| Theme              | Progress   |
|--------------------|--|
|                    | Natural England's EDI ambition and manage corporate risk in delivering the Equality Act.   |
| Capability         | The work to review how we measure and report on staff capability is ongoing. The Natural England Learning and Capability Team is working with partners on the longer-term functionality of the new Enterprise Resource Planning system (under Synergy, due to launch in 2028). This has the potential to provide the functionality needed to measure and report on staff capability. In the meantime, we will use interim measures to allow us to monitor and report and critical skills and training, such as Health & Safety.  |
| Leadership         | We continue to transform our collaborative leadership capability for leading nature's recovery by investing in bespoke programmes like <i>Environmental Collaborative Leadership</i> and support all our managers to have the skills and expertise to develop our people.  |
| Career development | We have worked with Defra group colleagues to embed the new performance management framework and have developed a Career Development Framework to articulate the career pathways available in Natural England.   |
| Employee offer     | <p>The Staff Framework Review, as commissioned by Natural England Executive Committee, has collaboratively developed and implemented a new set of job families, and has professionally reviewed all of the roles we have at Natural England, assessing that they are at the correct level and therefore have the correct pay for the level of responsibility, know-how and complexity in the role. This review is due to conclude in July 2024.</p> <p>We engage and partner with our Trade Unions through consultation and regular engagement forums to find ways to improve the overall employee offer.</p> <p>We work closely with partners in the Defra group Employee Benefits team to provide a range of benefits to staff using the Special Thanks and Recognition (STaR) platform for support with the ongoing cost of living pressures, to provide a comprehensive Employee Value Proposition and to administer the Reward and Recognition programme for Natural England.</p> |

## Health and safety

In addition to the rollout of the Health and Safety Strategy this year, we have continued to focus on our high-risk activities. Some of these activities have included subject specific audits completed on our NNRs and other teams that undertake high risk work. Bespoke training continues to be delivered to identified cohorts within Natural England, for example tree and visitor safety to NNR colleagues. Our input to Natural England induction packages for new colleagues continues, with bespoke induction training for team leaders, legislation specific courses such as construction and personal safety courses for all staff.

Policies and guidance specific to work-related stress were reviewed and updated and includes the newly launched suicide prevention guidance. We continue to provide a variety of tools and services to maintain health and wellbeing including occupational health assessments, an employee assistance program which includes counselling amongst other services, eye care provision and a meditation and mindfulness app. We also launched an updated version of the workplace/desk assessment tool to ensure staff are working safely.



Health and Safety remains a top priority for Natural England. Our performance metric on investigations is better than in 2022-23 but it has not yet received our desired level.

We ended 2023-24 with an overall improvement in incident reporting with a positive increase in the number of near miss reports received compared to 2022-23. 182 safety-related accidents were reported, of which 127 involved some form of injury whether minor or major. Work-related stress and mental ill-health incidents account for over 40 per cent of all health-related incident reports. Work-related stress continues to be one of our highest risks and therefore remains one of our priorities as well as improving assurance on the management of our high-risk activities.

Managing attendance

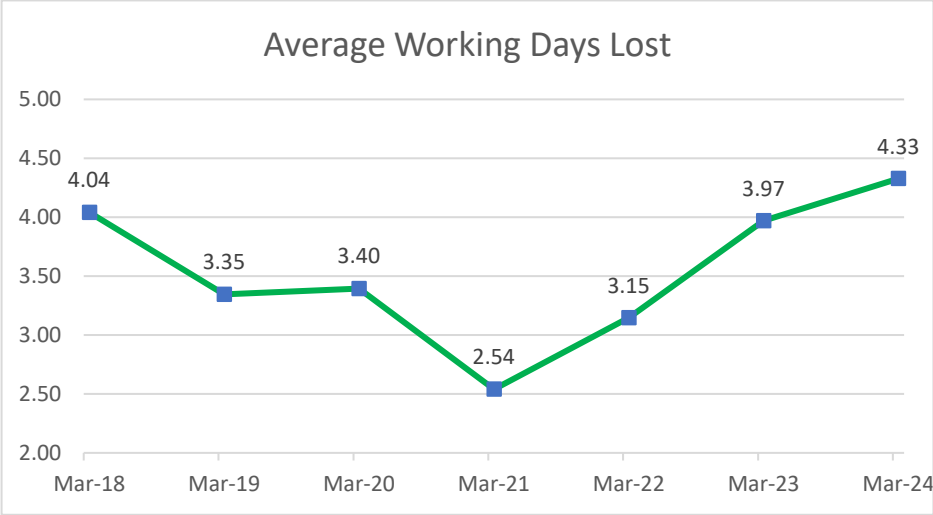
During the year ending 31 March 2024, Natural England lost an average of 4.33 days per employee to sickness absence, compared to 3.97 days in the year ending 31 March 2023.

Absence due to ‘mental and behavioural disorders’ was the main cause of absence (29.8 per cent) and is higher than 2022-23 (26.1 per cent), when the main cause of absence was diseases of the respiratory system. The five main reasons for sickness absence were:

Table 19: Sickness absence by type of illness

| Sickness absence type  | Working days | % of sick days lost |
|--|--------------|---------------------|
| Mental and behavioural disorders                             | 3,943        | 29.8%               |
| Diseases of the respiratory system                           | 3,641        | 27.6%               |
| Diseases of the digestive system                             | 1,229        | 9.3%                |
| Diseases of the musculoskeletal system and connective tissue | 1,113        | 8.4%                |
| Diseases of the nervous system                               | 1,004        | 7.6%                |

Graph 1: Average number of working days lost since March 2018



## Trade union facility time

In accordance with The Trade Union (Facility Time Publication Requirements) Regulations 2017, Natural England is required to collate and publish information about trade union facility time.

Facility time is paid time off for union representatives to carry out trade union activities.

**Table 20: Union officials**

| Number of employees who were relevant union officials during the year-ending 31 March 2024 | Full time equivalent |
|--|----------------------|
| 25   | 23.6                 |

**Table 21: Number of employees who were union officials during the relevant period and the percentage of their working hours spent on facility time**

| Percentage of time | Number of employees (headcount) |
|--------------------|---------------------------------|
| 0%                 | 5                               |
| 1-50%              | 18                              |
| 51-99%             | 2                               |
| 100%               | 0                               |

**Table 22: Percentage of Natural England pay bill spent on trade union facility time**

|   |       |
|---|-------|
| Total cost of facility time £'000                               | 97    |
| Total pay bill £m   | 151.4 |
| Percentage of total pay bill spent on trade union facility time | 0.06% |

## Consultancy expenditure

Natural England is required to report spending on consultancy as defined in the FReM Annex 4. Expenditure on consultancy in the year-ending 31 March 2024 was £914k (nil in 2022-23).

## Off-payroll engagements

Natural England is required to assure itself that all staff, including public-sector appointees are meeting their tax obligations and disclose information about off-payroll engagements:

**Table 23: Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 or more per day**

| Existing engagements on 31 March 2024 for more than £245 per day       | Number |
|--|--------|
| Have existed for less than one year at the time of reporting           | 4      |
| Have existed for between one and two years at the time of reporting    | 1      |
| Have existed for between two and three years at the time of reporting  | 3      |
| Have existed for between three and four years at the time of reporting | 0      |
| Have existed for four or more years at the time of reporting           | 0      |

**Table 24: Highly paid off-payroll workers engaged at any point between 1 April 2023 and 31 March 2024 earning £245 or more per day**

| Of which:   | Number |
|---|--------|
| Not subject to off-payroll legislation  | 20     |
| 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             | 1      |
| Number of engagements reassessed for compliance or assurance purposes during the year | 0      |
| Number of engagements that saw a change of IR35 status following review               | 0      |

**Table 25: Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024:**

|   | Number |
|---|--------|
| Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.   | 0      |
| Total number of individuals on payroll and off payroll that have been deemed “board members, and/or senior officials with significant financial responsibility”, during the financial year. | 19     |

Of the number of individuals on payroll and off payroll that have been deemed board members and/or senior officials with significant financial responsibility during the financial year, one individual is remunerated by the sponsoring department and treated as on payroll for the purposes of these disclosures.

# **Parliamentary Accountability and Audit Report –**

**brings together the key Parliamentary accountability  
documents within the Annual Report and Accounts**

## Regularity of expenditure

Natural England's Accounting Officer, our Chief Executive, is the person on whom Parliament calls to account for stewardship of its resources. The standards the Accounting Officer is expected to deliver cover governance, decision-making, and financial management.

Natural England complies with the HM Treasury guidance 'Managing Public Money', which in short covers the principles as to how government bodies handle public funds with probity and in the public interest. The Framework Document sets out the specific financial framework, within which Natural England is required to operate. This is complemented by the Scheme of Delegation which is the means by which a statutory body authorises its employees to carry out certain of its functions. Natural England has separated its Scheme of Delegation into two parts for ease of reference:

- A financial schedule of delegations ("FSoD") which covers all financial functions or functions which have monetary implications e.g. loans, scheme payments etc.; and
- A non-financial schedule of delegations ("NFSOD") which covers all non-monetary functions e.g. licenses, enforcement action etc.

The Cabinet Office introduced strict spending controls in 2010 on various categories of spend including advertising; external recruitment; consultancy and IT Projects. Business justification and sign off from relevant approving Managers is required for these categories of Natural England's expenditure to ensure these spending controls have been complied with.

In addition to the above, under the Government's transparency agenda expenditure is published monthly on all transactions over £25k and GPC spend over £500.

The GIAA also provide assurance through an ongoing internal audit programme and they have assigned a specific Head of Internal Audit for Natural England who works closely with the Head of Internal Audit for Defra group, and this ensures consistency across the whole of the Defra group when looking at the effectiveness of risk management, controls, and governance, and ensures best practice is shared.

### Losses, special payments and gifts (audited)

For 2023-24, there were no losses, special payments or gifts incurred which individually, or in total, exceeded £300k.

### Remote contingent liabilities (audited)

We have carefully considered possible future liabilities relating to past events. At 31 March 2024, Natural England had remote contingent liabilities incurred in the ordinary course of business in respect of its statutory and regulatory functions. We have assessed no material losses are expected to arise from these remote contingent liabilities, should these crystallise.

### Public sector information holders

Natural England is a Public Sector Information Holder and has complied with the cost allocation and charging requirements set out in the HM Treasury and the Office of Public Sector Information Guidance.

### Auditors

The accounts of Natural England are audited by the Comptroller and Auditor General under the Natural Environment and Rural Communities Act 2006. The audit fee for 2023-24 is £464k (2022-

23: £225k). The audit fee was paid for by Defra and included within the notional recharges. No payments have been made to the auditors for non-audit services.

## Fees and charges (audited)

Fees and charges income is derived from a combination of discretionary advice related to our planning, licensing and SSSI assent/consent work under our Discretionary Advice Service (DAS) and Pre-Submission Screening Service (PSS). It also includes administration fees for District Level Licensing (DLL) and income from statutory wildlife licenses. Further details about Natural England's Discretionary advice service (including charges per application) can be found on <https://www.gov.uk/guidance/developers-get-environmental-advice-on-your-planning-proposals>.

Further details about paying for Wildlife Licences can be found on <https://www.gov.uk/guidance/wildlife-licences#when-you-might-need-to-pay>

This year, we have generated £6.3 million (2022-23: £5.9 million) of income from commercial services including £5.5 million from DAS, large scale contracts and chargeable wildlife licences, and £0.8 million (2022-23: £0.9 million) from our National Nature Reserve estate.

We are able to resource this work through the introduction of charging to cover our costs. Recovery is on a full cost basis in line with HM Treasury's guidance "Managing Public Money".

Natural England is keen to ensure that it can maintain and enhance its customer service and provide more effective delivery of its statutory roles through a package of reform measures which include the introduction of charges for certain areas of its statutory work. By doing so, Natural England aims to deliver exchequer savings and achieve better environmental outcomes by investing in its services to meet customer demand, offering a greater level of choice for customers whilst at the same time mitigating the impact of continuing pressures on the Grant in Aid. Natural England has continued to work towards extending charging options to a number of work areas where we feel charging is appropriate. This involves addressing legal, financial and stakeholder considerations and securing the approvals of our Board, Defra and in some cases HM Treasury, where needed.

**Table 1: Fees and charges income**

|   | <b>31 March<br/>2024</b> | <b>31 March<br/>2023</b> |
|---|--------------------------|--------------------------|
|   | <b>£000</b>              | <b>£000</b>              |
| Discretionary Advice, Catchment Sensitive Farming, HS2 and Wildlife Licensing | 5,459                    | 4,976                    |
| Income from National Nature Reserves (NNRs)                                   | 818                      | 876                      |
| <b>Total Income</b>   | <b>6,277</b>             | <b>5,852</b>             |

**Table 2: Analysis of fees and charges**

| <b>Discretionary advice and Pre-submission screening:</b> | <b>2023-24</b> | <b>2022-23</b> | <b>2021-22</b> |
|---|----------------|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| Income  | 5,459          | 4,976          | 5,028          |
| Expenditure   | (5,724)        | (4,993)        | (5,027)        |
| <b>Surplus / (Deficit)</b>                                | <b>(265)</b>   | <b>(17)</b>    | <b>1</b>       |

## Government functional standards

Government has established a suite of management standards that promote consistent and coherent ways of working across government, and provide a stable basis for assurance, risk management and capability improvement. They support value for money for the taxpayer, and continuity of implementation. These 14 functional standards are mandated for use across central government. The suite of standards, and associated guidance can be found at [GOV.UK/government/collections/functional-standards](https://gov.uk/government/collections/functional-standards).

Natural England is accountable for the delivery of GOVS002: Project delivery, GovS009 Internal Audit and GovS010 Internal Audit. For the remaining Functional Standards Defra retains accountability. Natural England and Defra group Corporate Services work closely together to jointly ensure compliance assessments are in place for relevant Functional Standards. The continuous improvement assessment framework sets out different levels of maturity against the most important aspects of each functional standard – from the minimum (good), to better and best. Assessments have shown that for services received, just under half of Functional Standards are rated in the “Good” or “Better” rating category.

Over the last 12 months Natural England has strengthened its approach to Project Delivery following a Governance review and has implemented a Project Delivery Centre of Excellence. A new platform has been developed to share Science and Evidence best practice as part of a wider plan to continuously improve Analysis. Natural England continues to work with GIAA improve its Internal Audit processes and ensure that they lead to organisational improvement.

Marian Spain  
Chief Executive  
Natural England

23 June 2025

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

## Opinion on financial statements

I certify that I have audited the financial statements of Natural England for the year ended 31 March 2024 under the Natural Environment and Rural Communities Act 2006.

The financial statements comprise Natural England's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of Natural England's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Natural Environment and Rural Communities Act 2006 and Secretary of State directions issued thereunder.

## 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 Parliament 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 International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of Natural England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our 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 opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that Natural England's 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 Natural



England's ability to continue as a going concern 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 England is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## **Other Information**

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, 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 my knowledge obtained in 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 Secretary of State directions issued under the Natural Environment and Rural Communities Act 2006.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Natural Environment and Rural Communities Act 2006; and
- the information given in the Performance and Accountability Reports 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 Natural England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- adequate accounting records have not been kept by Natural England or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Natural England from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Natural Environment and Rural Communities Act 2006;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Natural Environment and Rural Communities Act 2006; and
- assessing Natural England'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 England 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 Environment and Rural Communities Act 2006.

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 a certificate 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Natural England's accounting policies and performance incentives;
- inquired of management, Natural England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Natural England's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Natural England's controls relating to Natural England's compliance with the Natural Environment and Rural Communities Act 2006 and Managing Public Money and the relevant employment and pensions legislation that Natural England operates under;
- inquired of management, Natural England's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team and the relevant internal specialists, including legal, forensics and valuation specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Natural England for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and the recognition of provisions for litigations and claims. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I have considered the reasons why it was necessary for Natural England to restate its financial statements for the period ended 31 March 2023 to correct material omission of provisions for equal pay claims, including the reasons why the existence of these claims was not disclosed to me as Natural England's auditor during my audit of the financial statements for the year ended 31 March 2023. I recognised a significant audit risk in respect of the valuation and completeness of provisions for litigation and claims and associated disclosures.

I obtained an understanding of Natural England's framework of authority and other legal and regulatory frameworks in which Natural England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Natural England. The key laws and regulations I considered in this context included the Natural Environment and Rural Communities Act 2006, Managing Public Money, and the relevant employment and pensions legislation that Natural England operates under.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit and Risk Committee and in-house legal counsel and the management of the Department for Environment, Food and Rural Affairs as Natural England's sponsoring department concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of the Board, and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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 addressed the risk in respect of the valuation and completeness of provisions for litigation and claims by assessing the appropriateness of judgements made in relation to the recognition and valuation of provisions, including for consistency with legal advice received by Natural England and in particular with regards to the provisions for equal pay claims, reviewed the appropriateness and completeness of financial statement disclosures and obtained additional representations from those charged with governance and the management of the Department for Environment, Food and Rural Affairs as Natural England's sponsoring department over the completeness of provisions; and
- performing substantive testing of income to address the risk of fraud and irregularity.

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

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

### **Other auditor's responsibilities**

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament 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 I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date: 25 June 2025**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Financial statements

# Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

|   |              | 2023-24         | 2022-23 (restated) |
|---|--------------|-----------------|--------------------|
|   | Note/<br>Ref | £000            | £000               |
| Revenue from contracts with customers                             | 6.1          | (19,130)        | (19,504)           |
| Other operating income  | 6.2          | (8,339)         | (6,400)            |
| <b>Total income</b>   |              | <b>(27,469)</b> | <b>(25,904)</b>    |
| Staff costs   | 5            | 151,432         | 125,265            |
| Other costs   | 5            | 19,238          | 18,536             |
| Depreciation, Amortisation and Impairment                         | 5            | 6,243           | 4,044              |
| Other Non Cash items  | 5            | 44,221          | 35,978             |
| Grants and subsidies  | 5            | 33,509          | 20,586             |
| Programme expenditure   | 5            | 60,726          | 41,610             |
| <b>Total operating costs</b>                                      |              | <b>315,369</b>  | <b>246,019</b>     |
| <b>Net operating costs</b>  |              | <b>287,900</b>  | <b>220,115</b>     |
| Corporation tax expense   | 22           | 369             | -                  |
| Interest receivable   |              | (438)           | (158)              |
| Interest payable  | 17.3         | 52              | 46                 |
| <b>Net expenditure</b>  |              | <b>287,883</b>  | <b>220,003</b>     |
| <b>Other comprehensive net expenditure</b>                        |              |                 |                    |
| <b>Items that will not be reclassified to net operating costs</b> |              |                 |                    |
| Net (gain)/loss on  |              |                 |                    |
| Revaluation of PPE  | SOCTE        | (905)           | (928)              |
| Revaluation of Heritage Assets                                    | SOCTE        | (2,594)         | (6,025)            |
| Pension actuarial movements                                       | SOCTE        | 15              | (189)              |
| Revaluation of right of use assets                                | SOCTE        | 14              | (125)              |
| <b>Total comprehensive net expenditure for the year</b>           |              | <b>284,413</b>  | <b>212,736</b>     |

The comparative figures for 2022-23 have been restated, see Note 2 for more information. The Notes on pages 83 to 118 form part of these financial statements.

# Statement of Financial Position as at 31 March 2024

|  |         | 31 March 2024   | 31 March 2023<br>(restated) | 1 April 2022<br>(restated) |
|--|---------|-----------------|-----------------------------|----------------------------|
|  | Note    | £000            | £000                        | £000                       |
| <b>Non-current assets</b>  |         |                 |                             |                            |
| Property, plant and equipment                                      | 7.1     | 52,777          | 40,742                      | 20,682                     |
| Right of use assets  | 17.1    | 4,566           | 4,891                       | -                          |
| Heritage assets  | 8       | 110,339         | 106,860                     | 94,759                     |
| Agricultural Assets  |         | 113             | 115                         | 141                        |
| Intangible assets  | 7.2     | 23,774          | 12,691                      | 2,777                      |
| Trade, other receivables and contract assets                       | 13      | 3,433           | 731                         | 907                        |
| <b>Total non-current assets</b>                                    |         | <b>195,002</b>  | <b>166,030</b>              | <b>119,266</b>             |
| <b>Current assets</b>  |         |                 |                             |                            |
| Assets classified as held for sale                                 | 11      | -               | 3,198                       | -                          |
| Inventories  | 12      | 15,337          | 116                         | 116                        |
| Trade, other receivables and contract assets                       | 13      | 21,198          | 21,874                      | 28,412                     |
| Cash and cash equivalents  | 14      | 21,870          | 15,808                      | 23,760                     |
| <b>Total current assets</b>  |         | <b>58,405</b>   | <b>40,996</b>               | <b>52,288</b>              |
| <b>Total assets</b>  |         | <b>253,407</b>  | <b>207,026</b>              | <b>171,554</b>             |
| <b>Current liabilities</b>   |         |                 |                             |                            |
| Trade, other payables and contract liabilities                     | 15      | (76,224)        | (65,567)                    | (49,400)                   |
| Provisions   | 16      | (2,305)         | (2,272)                     | (4,511)                    |
| Corporation tax expense  | 22      | (369)           | -                           | -                          |
| Pension provision  | 16      | (10)            | (9)                         | (16)                       |
| Lease liability  | 15/17.2 | (471)           | (501)                       | -                          |
| <b>Total current liabilities</b>                                   |         | <b>(79,379)</b> | <b>(68,349)</b>             | <b>(53,927)</b>            |
| <b>Non-current assets plus/less net current assets/liabilities</b> |         | <b>174,028</b>  | <b>138,677</b>              | <b>117,627</b>             |
| <b>Non-current liabilities</b>                                     |         |                 |                             |                            |
| Provisions   | 16      | (15,708)        | (18,378)                    | (16,403)                   |
| Pension provision  | 16      | (97)            | (104)                       | (300)                      |
| Lease liability  | 15/17.2 | (3,845)         | (3,961)                     | -                          |
| <b>Total non-current liabilities</b>                               |         | <b>(19,650)</b> | <b>(22,443)</b>             | <b>(16,703)</b>            |
| <b>Assets less liabilities</b>                                     |         | <b>154,378</b>  | <b>116,234</b>              | <b>100,924</b>             |
| <b>Taxpayers' equity and other reserves</b>                        |         |                 |                             |                            |
| General fund   | SOCTE   | 67,111          | 32,296                      | 23,677                     |
| Revaluation reserve  | SOCTE   | 87,267          | 83,938                      | 77,247                     |
| <b>Total equity</b>  |         | <b>154,378</b>  | <b>116,234</b>              | <b>100,924</b>             |

The comparative figures as at 31 March 2022 and 31 March 2023 have been restated, see Note 2 for more information. The Notes on pages 83 to 118 form part of these financial statements.

**Marian Spain**

**Chief Executive of Natural England and Accounting Officer**

23 June 2025

# Statement of Cash Flows for the year ended 31 March 2024

|   |           | 2023-24          | 2022-23<br>(restated) |
|---|-----------|------------------|-----------------------|
|   | Note      | £000             | £000                  |
| <b>Cash flows from operating activities</b>             |           |                  |                       |
| Net operating cost                                      | SOCNE     | (287,900)        | (220,115)             |
| Adjustments for non-cash transactions                   |           | 3,605            | 3,554                 |
| Notional corporate services recharge                    |           | 46,859           | 36,461                |
| (Increase)/decrease in trade and other receivables      | 13        | (2,026)          | 6,714                 |
| Increase/(decrease) in inventories                      | 12        | (12,023)         | -                     |
| Increase/(decrease) in trade payables                   | 15        | 13,734           | 16,167                |
| <b>Net cash outflow from operating activities</b>       |           | <b>(237,751)</b> | <b>(157,219)</b>      |
| <b>Cash flows from investing activities</b>             |           |                  |                       |
| Purchase of property, plant and equipment               | 7.1       | (13,964)         | (20,710)              |
| Purchase of intangible assets                           | 7.2       | (16,042)         | (10,006)              |
| Purchase of non-current heritage assets                 | 8         | (1,791)          | (6,653)               |
| Purchase of assets held for sale                        | 11        | -                | (3,198)               |
| Proceeds of disposal of property, plant and equipment   |           | (9)              | 178                   |
| Proceeds of disposal of agricultural biological assets  |           | -                | 26                    |
| <b>Net cash outflow from investing activities</b>       |           | <b>(31,806)</b>  | <b>(40,363)</b>       |
| <b>Cash flows from financing activities</b>             |           |                  |                       |
| Capital payment of lease liabilities                    | 17        | (467)            | (482)                 |
| Grant in Aid income received by NDPBs (GF)              | SOCTE     | 275,700          | 190,000               |
| Interest received                                       |           | 438              | 158                   |
| Interest paid (IFRS 16)                                 |           | (52)             | (46)                  |
| <b>Net financing</b>                                    |           | <b>275,619</b>   | <b>189,630</b>        |
| <b>Net increase/(decrease) in cash in the period</b>    |           | <b>6,062</b>     | <b>(7,952)</b>        |
| Cash and cash equivalents at the beginning of the year  | 14        | <b>15,808</b>    | <b>23,760</b>         |
| <b>Cash and cash equivalents at the end of the year</b> | <b>14</b> | <b>21,870</b>    | <b>15,808</b>         |

The comparative figures for 2022-23 have been restated, see Note 2 for more information. The Notes on pages 83 to 118 form part of these financial statements.



## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

|                                       |       | General Fund  | Revaluation Reserve | Total Reserves |
|---------------------------------------|-------|---------------|---------------------|----------------|
|                                       | Note  | £000          | £000                | £000           |
| Balance at 31 March 2023 (restated)   |       | 32,296        | 83,938              | 116,234        |
| Grant in Aid income received by NDPBs |       | 275,700       | -                   | 275,700        |
| Net expenditure after interest        | SOCNE | (287,883)     | -                   | (287,883)      |
| <b>Non-cash adjustments</b>           |       |               |                     |                |
| Notional corporate services recharge  | 5     | 46,859        | -                   | 46,859         |
| <b>Movements in reserves</b>          |       |               |                     |                |
| Other revaluation of tangible assets  | 9     | -             | 3,485               | 3,485          |
| Pension actuarial gain/(loss)         | SOCNE | (15)          | -                   | (15)           |
| Transfers between reserves            |       | 154           | (154)               | -              |
| Other movements                       |       | -             | (2)                 | (2)            |
| <b>Balance at 31 March 2024</b>       |       | <b>67,111</b> | <b>87,267</b>       | <b>154,378</b> |

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023 (restated)

|  |       | General Fund  | Revaluation Reserve | Total Reserves |
|--|-------|---------------|---------------------|----------------|
|  | Note  | £000          | £000                | £000           |
| Balance at 31 March 2022                   |       | 35,160        | 77,247              | 112,407        |
| IFRS16 initial recognition                 |       | 1,531         | -                   | 1,531          |
| Impact of prior period adjustment          | 2.2   | (11,483)      | -                   | (11,483)       |
| <b>Balance at 1 April 2022 (restated)</b>  | 2.2   | <b>25,208</b> | <b>77,247</b>       | <b>102,455</b> |
| Grant in Aid income received by NDPBs      |       | 190,000       | -                   | 190,000        |
| Net expenditure after interest             | SOCNE | (220,003)     | -                   | (220,003)      |
| <b>Non-cash adjustments</b>                |       |               |                     |                |
| Notional corporate services recharge       | 5     | 36,461        | -                   | 36,461         |
| New peppercorn lease                       |       | 54            | -                   | 54             |
| <b>Movement in reserves</b>                |       |               |                     |                |
| Other revaluation of tangible assets       | 9     | -             | 7,078               | 7,078          |
| Pension actuarial (gain)/loss              | SOCNE | 189           | -                   | 189            |
| Transfers between reserves                 |       | 387           | (387)               | -              |
| <b>Balance at 31 March 2023 (restated)</b> |       | <b>32,296</b> | <b>83,938</b>       | <b>116,234</b> |

The General Fund reflects Natural England's cumulative position of net expenditure and funding from Defra, the sponsor body of Natural England, with the historical cost of the non-current assets transferred on the creation of Natural England. The Revaluation Reserve is a non-cash reserve which reflects the increase in current value of non-current assets over the amount they were originally recorded at. The comparative figures as at 31 March 2022 and 31 March 2023 have been restated, see Note 2 for more information. The Notes on pages 83 to 118 form part of these financial statements.

# Notes to the financial statements

## 1. Statement of accounting policies

### 1.1. Basis of preparation

These financial statements have been prepared in accordance with 2023-24 Government Financial Reporting Manual (FReM) issued by His Majesty's Treasury and the Accounts Direction given by the Secretary of State for the Department for Environment, Food and Rural Affairs in accordance with the Natural Environment and Rural Communities Act 2006.

The accounting policies contained in the FReM apply the International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Natural England for the purpose of giving a true and fair view has been selected.

The particular policies adopted by Natural England are explained in this section. They have been applied consistently to items considered material to the financial statements.

### 1.2. Basis of accounting

These financial statements have been prepared on an accruals basis, under the historical cost convention modified to account for the revaluation of property, plant and equipment, heritage assets, and intangible assets.

#### 1.2.1. Going concern

The financial statements have been prepared on the basis that Natural England is a going concern. The FReM interprets going concern for the public sector as being the anticipated continuation of services, evidenced by the inclusion of financial provision for those services in published documents.

It is anticipated that Natural England will continue to operate in the future and financial provision has been made available by the Department for Environment, Food, and Rural Affairs in respect of the year ending 31 March 2026. Funding beyond 31 March 2026 is subject to Spending Review 2025, and Natural England has received spending allocations from Defra for the year-ending 31 March 2026.

Repayment of Defra's liabilities is met from Supply funding voted by Parliament and income, which are approved annually by the passing of the Supply and Appropriation (Main Estimates) Act. Spending Review 2025 was presented on 11 June 2025 and Natural England considers there is no reason to believe that future funds will not be forthcoming from Defra to meet liabilities as they fall due. A significant proportion of Natural England's activities are statutory and would thus require primary legislation in order for those activities to cease. No such legislation is currently proposed.

Natural England also receives income from customers for services that it delivers to society, such as its discretionary advice service for development proposals, district level licensing for Great-Crested Newts, externally funded projects, and other income streams.

On this basis, Natural England considers that it has sufficient resources and expected future funding to continue to meet its future expenditure until at least 30 June 2026, and consequently it has adopted the going concern basis for the preparation of its financial statements for the year ending 31 March 2024 as at the date they are signed.

## **1.2.2. Standards issued but not yet effective**

IFRS 17 replaces the previous standard on insurance contracts, IFRS 4. The standard will be adapted for the public sector and implemented in Natural England on 1 April 2025. The impact of this standard has not yet been assessed.

## **1.2.3. Foreign exchange**

Transactions denominated in a foreign currency are translated into sterling at the Bank of England spot rate. The spot exchange rate is the exchange rate on the date of the transaction. Gains or losses on exchange are taken to the SoCNE in the year in which they are incurred.

## **1.3. Non-current assets**

### **1.3.1. Property, plant, and equipment**

Natural England applies IAS 16 Property, Plant, and Equipment as interpreted and adapted by the FReM 23-24 for the public sector.

#### **1.3.1.1. Recognition**

Natural England applies a capitalisation threshold of £10k for all assets except from land which is capitalised regardless of the cost. Subsequent expenditure on assets is capitalised to the extent that IAS 16 allows.

Individual items that cost less than £10k are recognised as an expense in the Statement of Comprehensive Net Expenditure. The acquisition of separate but identical items costing less than £10k each may be eligible for capitalisation subject to the Defra group's capitalisation guidance for grouping assets.

#### **1.3.1.2. Valuation**

Land and buildings are reported in the Statement of Financial Position at their fair value in use. They are revalued every five years in accordance with the RICS Appraisal and Valuation Manual and are also subject to annual desktop valuations.

Revaluation surpluses are recognised through the revaluation reserve. Deficits are recognised through the revaluation reserve, limited to the amount previously recognised as surpluses. If there are no previous surpluses against which to allocate the deficit, the deficit is recognised as an expense in the Statement of Comprehensive Expenditure.

The fair value of all other assets is deemed to be the depreciated historic cost.

Where the value of a component of an asset is material to the total value of the asset, and it has a different useful life, the component is capitalised and depreciated separately.

#### **1.3.1.3. Depreciation**

All property, plant, and equipment are depreciated except land. Natural England makes the following assumptions about the life of different asset classifications:

|                                     |               |
|-------------------------------------|---------------|
| Freehold buildings                  | 50 years      |
| Improvements to leasehold buildings | 10 years      |
| Computer equipment                  | 3 to 5 years  |
| Plant and other equipment           | 5 to 15 years |
| Vehicles                            | 10 years      |

If more reliable information about the expected life of an asset is available, Natural England will re-calculate the rate at which the asset depreciates.

Depreciation is not charged on assets under construction.

**1.3.2. Intangible assets**

**1.3.2.1. Recognition**

In accordance with IAS 38, Natural England recognises identifiable non-monetary assets without physical substance as intangible assets.

**1.3.2.2. Valuation**

Software licenses are initially recognised at their purchase cost and amortised over the expected life of the license, or in the absence of an expected life, 5 years.

Internally developed software is valued is initially recognised at cost, which includes direct costs attributable to the development of the software such as staffing costs and payments to contractors, and subsequently amortised.

Natural England applies the FReM adaptation of IAS 38 for subsequent measurement of intangible assets and values those with an active market at their current value in existing use as at the reporting date, and for those with no active market, uses appropriate indices to measure the value at the lower of value in use and depreciated replacement cost.

**1.3.2.3. Amortisation**

Natural England makes the following assumptions about the life of different intangible asset classifications:

|                               |                |
|-------------------------------|----------------|
| Software licenses             | 5 years        |
| Internally developed software | Up to 15 years |

If more reliable information about the expected life of an intangible asset is available, Natural England will re-calculate the amortisation of the asset based on the period over which Natural England will receive the economic benefits or service potential of the intangible asset.

Internally developed software that has not yet been brought into service is not amortised.

**1.3.3. Heritage assets**

Natural England applies IAS 16 as adapted and interpreted by the FReM 23-24 for heritage assets.

**1.3.3.1. Recognition**

Natural England recognises tangible assets with historic, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as heritage assets.

Natural England has one operational heritage asset which is used to deliver services as well as being held for its contribution to knowledge and culture. All other heritage assets owned by Natural England are non-operational.

Non-operational heritage assets include the National Nature Reserves (NNRs), which are lands held in support of Natural England’s strategic objective to support a healthy and natural environment, continue to ensure that rich biodiversity can thrive across the landscape, and that ecosystems and habitats are resilient to climate change. Natural England fulfils a stewardship role

in respect of the NNRs, which whilst being open to the public, are held principally for their contribution to knowledge and culture and thus recognised as heritage assets.

NNRs may include buildings which are used as offices for staff or facilities for visitors, including the public. These are treated as separate components and reported as operational assets in property, plant, and equipment.

Donations of heritage assets made to Natural England is recognised as income through the Statement of Comprehensive Net Expenditure, providing no conditions about the use of the asset have been imposed by the donor.

#### **1.3.3.2. Valuation**

Heritage assets are reported in the Statement of Financial Position at their fair value, subject to professional valuation every five years and annual desktop valuations. The quinquennial and annual desktop valuations are conducted by external valuers and reviewed by Natural England's management.

There is valuation uncertainty affecting Natural England's heritage assets because there is limited market evidence of comparable assets being bought and sold.

Revaluation surpluses are recognised through the revaluation reserve. Deficits are recognised through the revaluation reserve, limited to the amount previously recognised as surpluses. If there are no previous surpluses against which to allocate the deficit, the deficit is recognised as an expense in the Statement of Comprehensive Expenditure.

#### **1.3.4. Impairment**

Natural England reviews all assets annually to identify those where the recoverable amount falls below the carrying amount.

Impairment losses attributable to an over-consumption of the economic benefits arising from the asset, or a reduction in its service potential, are recognised as an expense in the Statement of Comprehensive Net Expenditure.

Impairment losses attributable to a change in market value are first offset against available surpluses previously reported and when exhausted, recognised as an expense in the Statement of Comprehensive Net Expenditure.

### **1.4. Taxation**

#### **1.4.1. Corporation Tax**

Natural England is a body corporate. Consequently, should any investment income or trading profits be earned, Natural England would be liable for Corporation Tax.

#### **1.4.2. Value-added Tax**

Natural England's activities largely sit outside the scope of Value-Added Tax (VAT). Input VAT paid on purchases which cannot be recovered is included in the relevant category of expenditure or capitalised cost of a non-current asset. Where output VAT on sales is charged or input VAT is recoverable, transactions are accounted for net of VAT. Natural England has partially exempt status because it makes exempt supplies and is able to reclaim some input VAT each quarter. Some of the irrecoverable VAT is accounted for as 'other programme expenditure' in Note 5.

## **1.5. Income**

### **1.5.1. Grant in Aid**

Natural England receives funding from the Department for Environment, Food, and Rural Affairs as Grant in Aid (GiA). In accordance with FReM 23-24 11.1.2, GiA received by Natural England, as an ALB, is accounted for as financing through the General Fund.

### **1.5.2. Grants receivable**

Natural England receives grant funding from organisations including the European Union and the Heritage Lottery Fund.

This income is recognised immediately in the Statement of Comprehensive Net Expenditure unless there are conditions associated with the funding that require Natural England to satisfy obligations in future years or return the income to the funder, in which case the income is deferred until such conditions have been satisfied.

### **1.5.3. Operating income**

Natural England conducts operating activities from which we derives income from customers. These include income from the District Level Licensing scheme for Great-Crested Newts, the Discretionary Advice Service, and income generated by the National Nature Reserves.

Natural England applies IFRS 15 Revenue from Contracts with Customers as interpreted and adapted for the public sector by the FReM 23-24 to such income, and more information about the assessment of performance conditions is available in Note 6.

### **1.5.4. Donations**

#### **1.5.4.1. Bequests**

Natural England receives funds through bequests. These are held in a separate, interest-bearing bank account which is available to Natural England on immediate terms.

#### **1.5.4.2. Donation of assets**

Natural England has been donated land assets. In accordance with FReM 10.1.24, these are classified as heritage or operational assets and valued by external valuers with the value recognised as income in the Statement of Comprehensive Net Expenditure on initial recognition.

## **1.6. Expenditure**

### **1.6.1. Employee costs**

As is consistent with the basis for accounting for Natural England, employee benefits are accounted for on an accruals basis with expenses and liabilities recognised in the period to which the services rendered by the employee are received.

#### **1.6.1.1. Pensions**

Natural England employees and former employees receive pension benefits through the provisions of the Principal Civil Service Pension Scheme (PCSPS) or the Civil Service and Others Pension Scheme (CSOPS). Further details about Natural England's pension arrangements are available in the Remuneration and Staff Reports.

PCSPS and CSOPS are unfunded defined benefit schemes. However, in accordance with the Government Financial Reporting Manual's interpretation of IAS 19 Employee Benefits as adapted for the public sector, Natural England accounts for both schemes as if they are defined contribution schemes.



Natural England recognises the expected cost of employer pension contributions on a systematic and rational basis over the period in which it benefits from the employee's services.

Liability for payment of future benefits is a charge on the schemes.

Until 31 December 2013, the Chair of Natural England's Board was entitled to benefit from membership of a pension scheme but was prohibited from joining the PCSPS.

Individual arrangements were established 'by analogy' to the PCSPS. Any ongoing liability arising from these arrangements is borne by Natural England, and all associated transactions have been accounted for and disclosed in accordance with IAS 19 Employee Benefits and the FReM. This entitlement ceased for new appointees to the role as of 1 January 2014.

#### **1.6.1.2. Annual leave and excess hours**

In accordance with IAS 19, Natural England recognises a liability in respect of accumulated annual leave entitlements accruing to employees and not yet utilised. Natural England also recognises a liability in respect of excess hours accruing to employees through the flexible working policy.

#### **1.6.2. Notional Corporate Services recharge**

Department for Environment, Food, and Rural Affairs' Corporate Services provides Natural England with services including Digital, Data, Technology and Security, Property, Shared Services, Commercial, Communications and Finance.

Natural England accounts for the cost of these services through a non-cash recharge in the General Fund, which ensures the financial statements reflect the cost of these services.

#### **1.6.3. Leases**

##### **1.6.3.1. Natural England as a lessee**

Natural England implemented IFRS 16 with effect from 1 April 2022, using the adaptations and interpretations set out by HM Treasury in the FReM.

For lessees, this transition has removed the separation between operating and finance leases, instead recognising leases in scope of IFRS 16 on the Statement of Financial Position (SoFP) as right of use assets and corresponding lease liabilities. Liabilities have been calculated using the present value of outstanding payments due at the start of the lease and the right of use assets are calculated as the lease liability but may require further adjustment for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The Statement of Comprehensive Net Expenditure (SoCNE) reflects related charges for the depreciation on the right of use asset and interest on the lease liability in place of rental expenses. It continues to reflect irrecoverable VAT where applicable on any leases in line with HM Treasury guidance on the application of IFRS 16 which states that VAT should not form part of the measurement of the right of use asset.

This treatment has been applied to all leases except those which are short-term (less than 12 months). These continue to be treated as expenses on a straight-line basis in the SoCNE for the duration of the lease term.

The definition of a contract is expanded in the FReM to include intra UK government agreements such as Memorandum of Terms of Occupation. The FReM also expands the definition of a lease to those with nil consideration, or significantly below market value, such as those known as peppercorn leases. For peppercorn leases, we have obtained a professional valuation of the asset from an appropriately qualified professional. The difference between the discounted lease liability and right of use asset for peppercorn leases is included as an adjustment to taxpayers' equity.

For leases where we are still in occupation after the end of the lease and are “holding over”, professional judgement has been applied to estimate a reasonable length for the term when calculating lease liabilities and right of use asset valuations. There are 20 leases where the end date relies on professional judgement, with 16 of these being a term of 5 years or less. The remaining ones are where we expect to remain in occupation in the longer term but are not expecting to negotiate a revised arrangement. The leases with longer assumptions all have a low annual rent below £6k per annum.

Where the interest rate cannot be readily determined within a lease, Natural England has calculated the lease liability using the discount rates set out in the latest HM Treasury Public Expenditure System paper as the incremental borrowing rate which for the 2024 calendar year is 4.72 per cent. The rate used on initial recognition and up to 31 December 2022 was 0.95 per cent and then any new leases entered into during 2023 used 3.51 per cent.

For leases previously treated as finance leases the carrying value is the same under IFRS16 as it was under IAS17.

The subsequent measurement of right of use assets is at fair value or current value in existing use where assets are held for their service potential unless cost represents a reasonable proxy. This year, 67 land and buildings, valuations have been determined by appropriately qualified professionals in accordance with RICS Guidance.

#### **1.6.3.2. Natural England as a lessor**

Lessor accounting is largely unchanged by IFRS 16 with lessors continuing to distinguish finance and operating leases. All leases where Natural England are the Lessor have been classed as operating leases as they do not transfer substantially all the risks and economic benefits of the underlying asset.

Occupation of the corporate estate by Defra group bodies is on a flexible shared basis with very few formal occupancy agreements in place between the leaseholder (either core department or the Environment Agency) and the occupant. Corporate estate leases will therefore be recognised in full by the legal leaseholder unless there is a formal arrangement in place.

#### **1.6.4. Provisions and contingent liabilities**

Natural England applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets as adapted and interpreted for the public sector by the FReM 23-24.

Consequently, Natural England provides for obligations arising from past events where it is probable that an economic outflow will be required to settle the obligation and the outflow can be reliably estimated. Provisions are discounted to reflect the present value of the estimated cost to settle the obligation.

Natural England recognises a provision for the future cost to maintain ponds created through the District Level Licensing scheme for Great-Crested Newts, pension arrangements for former Natural England Board Chairs, and provisions arising from litigation.

Natural England is also required to disclose, in accordance with FReM 2023-24 6.7.1, contingent liabilities within the scope of IAS 37 but where the likelihood of a transfer of economic benefits is considered too remote.

#### **1.6.5. Grant expenditure**

Natural England may give financial assistance by way of grants to any persons or organisations to undertake any activity which Natural England is empowered to undertake, including the purchase of land. Grant expenditure is recognised when the obligation on Natural England to pay the grant



crystalises. The offer of a grant payment is usually tied to a specific year of account, and it is solely at the discretion of Natural England whether an unclaimed grant is carried forward into the following financial year. Offers of grants contributing towards the ongoing employment of staff may be made on a diminishing basis over a three- or four-year period.

Natural England also has responsibility for administering and issuing grants for several specific schemes and projects, such as the Shared Outcome Fund's Nature Based Solutions scheme, the Nature for Climate Peatland Grant Scheme, and EU Life and Heritage Lottery Fund projects. These grants are recognised when Natural England has a present obligation to the grantee because of them meeting their performance obligations as set out in the grant agreement, and Natural England being able to form a reliable estimate of the expenditure.

#### **1.6.6. Research and development**

All research and development expenditure is expensed in-year to the SoCNE.

#### **1.7. Cash and cash equivalents**

Natural England uses the Government Banking Service for all banking services and manages them in accordance with HM Treasury's Banking Stewardship Guidance. Natural England holds no commercial bank accounts. Cash and cash equivalents include cash in hand and deposits with any qualifying institution, repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

#### **1.8. Financial instruments**

Natural England holds few financial instruments, those it does relate to either contracts for non-financial items in line with Natural England's expected purchase and usage requirements or income due for goods or services delivered by Natural England. These are both held at amortised cost. The objective is to manage these financial assets to collect the contractual cashflows. Natural England uses the simplified approach of IFRS 9 to account for lifetime expected credit losses from initial recognition.

#### **1.9. Assets held for sale**

Natural England previously recognised Nutrient Credits acquired for sale as an intangible asset held for sale. These are now accounted for as inventory, following a review of the accounting treatment.

#### **1.10. Inventory**

Natural England's inventory primarily consists of Nutrient Credits. These are accounted for under IAS 2, valued at the lower of cost and net realisable value. Credits are subject to an assessment at year-end to demonstrate that the balance is recoverable.

Natural England also has some agricultural assets. These are accounted for under IAS 41, which requires such assets to be valued at fair value less costs to sell.

## 2. Prior Period Adjustment

The Annual Report and Accounts have been restated from 2022-23 due to material omissions identified in relation to equal pay litigation, which Natural England has been advised should have led to recognition of a provision in previous Annual Reports and Accounts. Information obtained demonstrated that Natural England had a present obligation as a result of past events which suggested that an outflow of resources embodying economic benefits was probable in previous financial years. These are now included in Note 16, which provides further detail.

In accordance with the FReM, a provision has been recognised and an estimate of valuation included on the Statement of Financial Position as at 1 April 2022 and subsequent movements in the balance have been reflected in the Statement of Comprehensive Net Expenditure and Statement of Financial Position for subsequent financial years in accordance with FReM requirements.

### 2.1. Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

|   | 2022-23 (as<br>previously reported) | Adjustments | 2022-23<br>(restated) |
|---|-------------------------------------|-------------|-----------------------|
|   | £000                                | £000        | £000                  |
| Revenue from contracts with customers   | (19,504)                            | -           | (19,504)              |
| Other operating income  | (6,400)                             | -           | (6,400)               |
| <b>Total income</b>   | <b>(25,904)</b>                     | <b>-</b>    | <b>(25,904)</b>       |
| Staff costs   | 125,265                             | -           | 125,265               |
| Other costs   | 18,536                              | -           | 18,536                |
| Depreciation, Amortisation and Impairment   | 4,044                               | -           | 4,044                 |
| Other Non-Cash items  | 35,362                              | 616         | 35,978                |
| Grants and subsidies  | 20,586                              | -           | 20,586                |
| Programme expenditure   | 41,610                              | -           | 41,610                |
| <b>Total operating costs</b>  | <b>245,403</b>                      | <b>616</b>  | <b>246,019</b>        |
| <b>Net operating costs</b>  | <b>219,499</b>                      | <b>616</b>  | <b>220,115</b>        |
| Interest receivable   | (158)                               | -           | (158)                 |
| Interest payable  | 46                                  | -           | 46                    |
| <b>Net expenditure</b>  | <b>219,387</b>                      | <b>616</b>  | <b>220,003</b>        |
| <b>Other comprehensive net expenditure</b><br><b>Items that will not be reclassified to net operating costs</b> |                                     |             |                       |
| Net (gain)/loss on  |                                     |             |                       |
| Revaluation of PPE  | (928)                               | -           | (928)                 |
| Revaluation of Heritage Assets  | (6,025)                             | -           | (6,025)               |
| Pension actuarial movements   | (189)                               | -           | (189)                 |
| Revaluation of right of use assets  | (125)                               | -           | (125)                 |
| <b>Total comprehensive net expenditure for the year</b>   | <b>212,120</b>                      | <b>616</b>  | <b>212,736</b>        |

## 2.2. Statement of Financial Position as at 31 March 2023

|  | 31 March 2023<br>(as previously<br>reported) | Adjustments     | 31 March 2023<br>(restated) |
|--|--|-----------------|-----------------------------|
|  | £000   | £000            | £000                        |
| <b>Non-current assets</b>  |  |                 |                             |
| Property, plant and equipment  | 40,742                                       | -               | 40,742                      |
| Right of use assets  | 4,891  | -               | 4,891                       |
| Heritage assets  | 106,860                                      | -               | 106,860                     |
| Agricultural Assets  | 115  | -               | 115                         |
| Intangible assets  | 12,691                                       | -               | 12,691                      |
| Trade, other receivables and contract assets                           | 731  | -               | 731                         |
| <b>Total non-current assets</b>  | <b>166,030</b>                               | <b>-</b>        | <b>166,030</b>              |
| <b>Current assets</b>  |  |                 |                             |
| Assets classified as held for sale                                     | 3,198  | -               | 3,198                       |
| Inventories  | 116  | -               | 116                         |
| Trade, other receivables and contract assets                           | 21,874                                       | -               | 21,874                      |
| Cash and cash equivalents  | 15,808                                       | -               | 15,808                      |
| <b>Total current assets</b>  | <b>40,996</b>                                | <b>-</b>        | <b>40,996</b>               |
| <b>Total assets</b>  | <b>207,026</b>                               | <b>-</b>        | <b>207,026</b>              |
| <b>Current liabilities</b>   |  |                 |                             |
| Trade, other payables and contract liabilities                         | (65,567)                                     | -               | (65,567)                    |
| Provisions   | (2,272)                                      | -               | (2,272)                     |
| Pension provision  | (9)  | -               | (9)                         |
| Lease liability  | (501)  | -               | (501)                       |
| <b>Total current liabilities</b>                                       | <b>(68,349)</b>                              | <b>-</b>        | <b>(68,349)</b>             |
| <b>Non-current assets plus/less net current<br/>assets/liabilities</b> | <b>138,677</b>                               | <b>-</b>        | <b>138,677</b>              |
| <b>Non-current liabilities</b>   |  |                 |                             |
| Provisions   | (6,279)                                      | (12,099)        | (18,378)                    |
| Pension provision  | (104)  | -               | (104)                       |
| Lease liability  | (3,961)                                      | -               | (3,961)                     |
| <b>Total non-current liabilities</b>                                   | <b>(10,344)</b>                              | <b>(12,099)</b> | <b>(22,443)</b>             |
| <b>Assets less liabilities</b>   | <b>128,333</b>                               | <b>(12,099)</b> | <b>116,234</b>              |
| <b>Taxpayers' equity and other reserves</b>                            |  |                 |                             |
| General fund   | 44,395                                       | (12,099)        | 32,296                      |
| Revaluation reserve  | 83,938                                       | -               | 83,938                      |
| <b>Total equity</b>  | <b>128,333</b>                               | <b>(12,099)</b> | <b>116,234</b>              |

## 2.2.1. Statement of Financial Position as at 31 March 2022

|  | 31 March 2022 (as<br>previously<br>reported) | Adjustments     | 1 April 2022<br>(restated) |
|--|--|-----------------|----------------------------|
|  | £000   | £000            | £000                       |
| <b>Non-current assets</b>  |  |                 |                            |
| Property, plant and equipment  | 20,682                                       | -               | 20,682                     |
| Heritage assets  | 94,759                                       | -               | 94,759                     |
| Agricultural Assets  | 141  | -               | 141                        |
| Intangible assets  | 2,777  | -               | 2,777                      |
| Trade, other receivables and contract assets                           | 907  | -               | 907                        |
| <b>Total non-current assets</b>  | <b>119,266</b>                               | <b>-</b>        | <b>119,266</b>             |
| <b>Current assets</b>  |  |                 |                            |
| Inventories  | 116  | -               | 116                        |
| Trade, other receivables and contract assets                           | 28,412                                       | -               | 28,412                     |
| Cash and cash equivalents  | 23,760                                       | -               | 23,760                     |
| <b>Total current assets</b>  | <b>52,288</b>                                | <b>-</b>        | <b>52,288</b>              |
| <b>Total assets</b>  | <b>171,554</b>                               | <b>-</b>        | <b>171,554</b>             |
| <b>Current liabilities</b>   |  |                 |                            |
| Trade, other payables and contract liabilities                         | (49,400)                                     | -               | (49,400)                   |
| Provisions   | (4,511)                                      | -               | (4,511)                    |
| Pension provision  | (16)   | -               | (16)                       |
| <b>Total current liabilities</b>                                       | <b>(53,927)</b>                              | <b>-</b>        | <b>(53,927)</b>            |
| <b>Non-current assets plus/less net current<br/>assets/liabilities</b> | <b>117,627</b>                               | <b>-</b>        | <b>117,627</b>             |
| <b>Non-current liabilities</b>   |  |                 |                            |
| Provisions   | (4,920)                                      | (11,483)        | (16,403)                   |
| Pension provision  | (300)  | -               | (300)                      |
| <b>Total non-current liabilities</b>                                   | <b>(5,220)</b>                               | <b>(11,483)</b> | <b>(16,703)</b>            |
| <b>Assets less liabilities</b>   | <b>112,407</b>                               | <b>(11,483)</b> | <b>100,924</b>             |
| <b>Taxpayers' equity and other reserves</b>                            |  |                 |                            |
| General fund   | 35,160                                       | (11,483)        | 23,677                     |
| Revaluation reserve  | 77,247                                       | -               | 77,247                     |
| <b>Total equity</b>  | <b>112,407</b>                               | <b>(11,483)</b> | <b>100,924</b>             |

## 2.3. Statement of Cash Flows for the year ended 31 March 2023

|   | 2022-23 (as<br>previously<br>reported) | Adjustments | 2022-23<br>(restated) |
|---|--|-------------|-----------------------|
|   | £000                                   | £000        | £000                  |
| <b>Cash flows from operating activities</b>             |  |             |                       |
| Net operating cost                                      | (219,499)                              | (616)       | (220,115)             |
| Adjustments for non-cash transactions                   | 2,938                                  | 616         | 3,554                 |
| Notional corporate services recharge                    | 36,461                                 | -           | 36,461                |
| (Increase)/decrease in trade and other receivables      | 6,714                                  | -           | 6,714                 |
| Increase/(decrease) in trade payables                   | 16,167                                 | -           | 16,167                |
| <b>Net cash outflow from operating activities</b>       | <b>(157,219)</b>                       | <b>-</b>    | <b>(157,219)</b>      |
| <b>Cash flows from investing activities</b>             |  |             |                       |
| Purchase of property, plant and equipment               | (20,710)                               | -           | (20,710)              |
| Purchase of intangible assets                           | (10,006)                               | -           | (10,006)              |
| Purchase of non-current heritage assets                 | (6,653)                                | -           | (6,653)               |
| Purchase of assets held for sale                        | (3,198)                                | -           | (3,198)               |
| Proceeds of disposal of property, plant and equipment   | 178                                    | -           | 178                   |
| Proceeds of disposal of agricultural biological assets  | 26                                     | -           | 26                    |
| <b>Net cash outflow from investing activities</b>       | <b>(40,363)</b>                        | <b>-</b>    | <b>(40,363)</b>       |
| <b>Cash flows from financing activities</b>             |  |             |                       |
| Capital payment of lease liabilities                    | (482)                                  | -           | (482)                 |
| Grant in Aid income received by NDPBs (GF)              | 190,000                                | -           | 190,000               |
| Interest received                                       | 158                                    | -           | 158                   |
| Interest paid (IFRS 16)                                 | (46)                                   | -           | (46)                  |
| <b>Net financing</b>                                    | <b>189,630</b>                         | <b>-</b>    | <b>189,630</b>        |
| <b>Net increase/(decrease) in cash in the period</b>    | <b>(7,952)</b>                         | <b>-</b>    | <b>(7,952)</b>        |
| Cash and cash equivalents at the beginning of the year  | <b>23,760</b>                          | <b>-</b>    | <b>23,760</b>         |
| <b>Cash and cash equivalents at the end of the year</b> | <b>15,808</b>                          | <b>-</b>    | <b>15,808</b>         |

Retrospective reclassifications in the Statement of Cash Flows have been applied to reflect the revised expenditure figure for 2022-23 described in note 2.1, though net cash flows remain the same.

## 2.4. Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

|                                       | General Fund<br>(restated) | Revaluation<br>Reserve | Total Reserves<br>(restated) |
|---------------------------------------|----------------------------|------------------------|------------------------------|
|                                       | £000                       | £000                   | £000                         |
| Balance at 31 March 2022              | 35,160                     | 77,247                 | 112,407                      |
| IFRS 16 Initial Recognition           | 1,531                      | -                      | 1,531                        |
| Prior Period Adjustment               | (11,483)                   | -                      | (11,483)                     |
| <b>Balance at 1 April 2022</b>        | <b>25,208</b>              | <b>77,247</b>          | <b>102,455</b>               |
| Grant in Aid income received by NDPBs | 190,000                    | -                      | 190,000                      |
| Net expenditure after interest        | (220,003)                  | -                      | (220,003)                    |
| <b>Non-cash adjustments</b>           |                            |                        |                              |
| Notional corporate services recharge  | 36,461                     | -                      | 36,461                       |
| New peppercorn lease                  | 54                         | -                      | 54                           |
| <b>Movement in reserves</b>           |                            |                        |                              |
| Other revaluation of tangible assets  | -                          | 7,078                  | 7,078                        |
| Pension actuarial (gain)/loss         | 189                        | -                      | 189                          |
| Transfers between reserves            | 387                        | (387)                  | -                            |
| <b>Balance at 31 March 2023</b>       | <b>32,296</b>              | <b>83,938</b>          | <b>116,234</b>               |

The adjustments at 1 April 2022 described above have resulted in an adjustment to the Statement of Changes in Taxpayers' Equity at the earliest prior period point. The restated net operating cost for 2022-23 in Note 2.1 has also been reflected in the restated Statement of Changes in Taxpayers' Equity. Both changes are shown.

## 3. Significant judgments and estimation uncertainty

The FReM requires the Chief Executive of Natural England, as Accounting Officer, to make judgements and estimates on a reasonable basis.

In preparing the financial statements for the year ending 31 March 2024, the following accounting entries involve matters of significant judgement and estimation uncertainty:

### 3.1. Non-current land, building, and heritage asset valuation

Land, buildings, and heritage assets are professionally valued by a firm of qualified and independent surveyors. In the year ending 31 March 2022, Carter Jonas LLP were appointed through open competition to value the land and building and heritage assets, including qualifying lease agreements under IFRS 16, owned by Natural England.

Valuations are conducted in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (the "Red Book"). This includes a physical inspection of the majority of Natural England's land, building and heritage portfolio.

The valuation of Natural England's land, buildings, and heritage assets is conducted every five years (quinquennial) with a regular desktop valuation update.

The quinquennial valuation of Natural England's land, building, and heritage assets took place in the year ending 31 March 2022.

In the years ending 31 March 2023 and 2024, a desktop valuation exercise took place with material changes subject to physical inspection. These include additions or significant changes that impact the financial reporting valuations. Such changes may include evidence of impairment,

arising through damage, dilapidations, change in use, or market forces such that it affects the fair value of the asset.

In accordance with the FReM 2023-24, Natural England applies IFRS 13 without adaptation for the public sector. Consequently, when Natural England estimates the fair value of an asset, it considers what a market participant would recognise as the characteristics of an asset including the condition and location of an asset.

Natural England, through its external valuers, also considers the sale prices of comparable assets to the extent that an active market exists for these assets.

The valuation of non-operational heritage assets regularly proves to be a matter of judgement by Natural England's management because of the absence of regularly transacted comparable assets and the unique features and qualities of these assets, such as Sites of Special Scientific Interest (SSSIs) or National Landscapes (the new name for Areas of Outstanding Natural Beauty or AONBs). The value of heritage assets assessed as being subject to increased valuation uncertainty is £11.2 million. In 2022-23, the value of such assets was £8.9 million. There are no heritage assets that have not been recognised or are held at cost due to the inability to attribute a fair value.

### **3.2. Provision for pond maintenance arising from the District Level Licensing (DLL) scheme for Great-Crested Newts**

The FReM 23-24 requires Natural England to apply IAS 37 Provisions, Contingent Liabilities, and Contingent Assets as applied and interpreted for the public sector. In accordance with this requirement, Natural England applies the discounts rates promulgated by HM Treasury in the Public Expenditure System (PES) papers.

Natural England has an obligation to maintain the ponds it has created through the DLL scheme for 25 years and recognises the estimated future liability for this activity as a provision. The cost estimate used in calculating the provision is also considered when Natural England sets the fees for acquiring licenses under this scheme. Forecasting the long-term future costs of maintaining these ponds is therefore a source of estimation uncertainty.

### **3.3. Nutrient Credits**

Natural England acquires Nutrient Credits ('credits') for sale to customers through land management agreements ('agreements'). The credits are recognised on the SoFP as inventory. In determining the number of credits that arise from each agreement, an assessment is made of the pollution that will be mitigated through conditions in the agreements that prevent the landowner from engaging in prohibited activities that would otherwise cause pollutants to enter the watercourse. This assessment is conducted using a scientific model developed by Natural England in conjunction with an environmental consultancy firm. Where the geology of the site covered by the agreement is such that the model may not produce a reliable outcome, an external hydrogeological assessment can be commissioned to accurately identify the timing and scale of pollution that will be mitigated. One external assessment was commissioned in this financial year.

Notwithstanding the scientific basis for the model and hydrogeological assessments, this is a matter of judgement that may have a material impact on the financial statements. The number of credits available for sale that arise from each agreement will affect total future revenue, as having more or fewer credits available to sell may result in more or less revenue, and it will also affect the cost of sale per credits since each credit is initially valued at the total cost of the agreement divided by the number of credits arising from the agreement, plus directly attributable overheads.



### 3.4. Litigation claims

The FReM 2023-24 requires Natural England to apply IAS 37 Provisions, Contingent Liabilities, and Contingent Assets as applied and interpreted for the public sector.

#### *Probable outflow of resources embodying economic benefits*

In determining the probability of the outflow of resources embodying economic benefits to settle the equal pay claim, Natural England engaged with professional advisers. Natural England considers that there has been an outflow of resources in relation to the ex-gratia settlement of 38 equal pay cases, which were settled without admission of liability. Therefore, Natural England considers that the outflow of resources is probable as there have already been cases submitted. In accordance with IAS 37, an outflow of resources or other event is regarded as probable if the event is more likely than not to occur, i.e. the probability that the event will occur is greater than the probability that it will not. Further information is given in Note 16.

#### *Reliable estimate of the obligation*

In calculating a reliable estimate of the potential future obligation in relation to any future equal pay claims, there is substantial material uncertainty, including whether claims will be made, whether Natural England assesses that we have obligations in relation to potential future claims and the potential outflow required to settle an obligation. The most significant source of material uncertainty relates to the potential number of future claims, if any. Payroll data has been applied and the worst-case scenario calculated. Natural England has considered several factors, including publicly available information and professional advice to assess a range for the likelihood of potential future claims. Subsequently, based on accounting standards, Natural England has assumed that each point in that range is as likely as any other, and there is an inherent lack of data, and therefore the mid-point of the range has been used. Another source of material uncertainty is the outflow required to settle any potential future obligation. Given the uncertainties, Natural England has estimated our exposure to be between £0 million and £49.5 million at 31 March 2024. A five per cent increase/decrease in the potential outflow to settle the obligation increases/decreases the estimate by £0.631 million. A five per cent increase/decrease in the potential population of successful claimants increases/decreases the estimate by £1.609 million.

### 3.5. Corporation Tax

Natural England is registered for Corporation Tax, to which we are chargeable on trading income, investment income, and chargeable gains.

In calculating a reliable estimate for this tax liability, Natural England has made judgements on whether income is chargeable to Corporation Tax and whether certain costs are deductible. These judgements have been informed by the relevant HMRC guidance and internal and cross-government tax specialists.



## 4. Analysis of net expenditure by segment

Natural England is required to report financial and descriptive information about its operating segments. These are components about which separate financial information is available. Generally, financial information is required to be reported on the same basis as is used internally.

Natural England's Executive Committee supported by the Delivery Committee, Investment Committee and Portfolio Committee evaluate performance regularly at and below operating segment level and decide how to allocate resources and monitor outcomes.

**Table 1: Natural England's operating segments**

| Operating segment                               | Responsibilities                     |
|---|--------------------------------------|
| <b>Strategy and Government Advice (SGA)</b>     | Greener Farming & Fisheries          |
|   | Government Advice                    |
|   | Strategy, Government Advice – Marine |
|   | Sustainable Development              |
|   | Connecting People with Nature        |
|   | Strategy                             |
|   | Resilient Landscapes and Seas        |
|   | Legislative Reform                   |
| <b>Operations</b>                               | National Operations                  |
|   | National Delivery                    |
|   | Area Teams                           |
| <b>Chief Scientist</b>                          | Evidence Service                     |
|   | Analysis                             |
|   | Science                              |
| <b>Legal, Governance &amp; External Affairs</b> | Governance                           |
|   | Information Security                 |
|   | Legal Services                       |
|   | Assurance                            |
|   | External Affairs                     |
| <b>Business Management</b>                      | Change                               |
|   | Planning and Performance             |
|   | People                               |

**4.1. Statement of Comprehensive Net Expenditure for the year ended 31 March 2024 by operating segment:**

|                                       | Legal, Governance & External Affairs | Defra         | Operations     | Chief Scientist | Strategy & Government Advice | Business Management | Total           |
|---------------------------------------|--------------------------------------|---------------|----------------|-----------------|------------------------------|---------------------|-----------------|
|                                       | Internal                             | Recharges     |                |                 |                              |                     |                 |
|                                       | £000                                 | £000          | £000           | £000            | £000                         | £000                | £000            |
| Revenue from contracts with customers | (623)                                | -             | (6,452)        | (361)           | (11,694)                     | -                   | (19,130)        |
| Other operating income                | (274)                                | -             | (3,005)        | (170)           | (4,890)                      | -                   | (8,339)         |
| <b>Total operating income</b>         | <b>(897)</b>                         | <b>-</b>      | <b>(9,457)</b> | <b>(531)</b>    | <b>(16,584)</b>              | <b>-</b>            | <b>(27,469)</b> |
| Staff costs                           | 13,507                               | -             | 84,255         | 27,376          | 24,764                       | 1,530               | 151,432         |
| Other costs                           | 4,444                                | -             | 6,378          | 3,385           | 4,255                        | 776                 | 19,238          |
| Other non-cash items                  | 25                                   | 46,859        | (7)            | -               | (2,656)                      | -                   | 44,221          |
| Impairment                            | 2,363                                | -             | 1,509          | -               | 461                          | -                   | 4,333           |
| Depreciations and Amortisation        | 908                                  | -             | 178            | 6               | 267                          | -                   | 1,359           |
| Depreciation on right of use assets   | 276                                  | -             | 275            | -               | -                            | -                   | 551             |
| Programme and grant expenditure       | 2,864                                | -             | 25,101         | 19,613          | 46,655                       | 2                   | 94,235          |
| <b>Total expenditure</b>              | <b>24,387</b>                        | <b>46,859</b> | <b>117,689</b> | <b>50,380</b>   | <b>73,746</b>                | <b>2,308</b>        | <b>315,369</b>  |
| Corporation Tax expense               | 369                                  | -             | -              | -               | -                            | -                   | 369             |
| Interest receivable                   | (438)                                | -             | -              | -               | -                            | -                   | (438)           |
| Interest payable (IFRS 16)            | -                                    | -             | 52             | -               | -                            | -                   | 52              |
| <b>Net expenditure</b>                | <b>23,421</b>                        | <b>46,859</b> | <b>108,284</b> | <b>49,849</b>   | <b>57,162</b>                | <b>2,308</b>        | <b>287,883</b>  |

**4.2. Statement of Comprehensive Net Expenditure for the year ended 31 March 2023 by operating segment (restated):**

|                                       | Legal, Governance & External Affairs<br>Defra<br>Internal Recharges |               | Operations      | Chief Scientist | Strategy & Government Advice | Business Management | Total           |
|---------------------------------------|---|---------------|-----------------|-----------------|------------------------------|---------------------|-----------------|
|                                       | £000  | £000          | £000            | £000            | £000                         | £000                | £000            |
| Revenue from contracts with customers | (6,430)   | -             | (12,060)        | (419)           | (358)                        | (237)               | (19,504)        |
| Other operating income                | (282)   | -             | (5,869)         | -               | (249)                        | -                   | (6,400)         |
| <b>Total operating income</b>         | <b>(6,712)</b>  | <b>-</b>      | <b>(17,929)</b> | <b>(419)</b>    | <b>(607)</b>                 | <b>(237)</b>        | <b>(25,904)</b> |
| Staff costs                           | 5,630   | -             | 71,997          | 21,722          | 20,134                       | 5,782               | 125,265         |
| Other operating costs                 | 2,630   | -             | 7,174           | 2,519           | 4,030                        | 2,183               | 18,536          |
| Other non-cash items                  | 616   | 36,461        | (1,099)         | -               | -                            | -                   | 35,978          |
| Impairment                            | 2,422   | -             | -               | -               | -                            | -                   | 2,422           |
| Depreciations and Amortisation        | 1,066   | -             | -               | -               | -                            | -                   | 1,066           |
| Depreciation on right of use assets   | -   | -             | 556             | -               | -                            | -                   | 556             |
| Programme and grant expenditure       | 116   | -             | 28,334          | 10,975          | 22,737                       | 34                  | 62,196          |
| <b>Total expenditure</b>              | <b>12,480</b>   | <b>36,461</b> | <b>106,962</b>  | <b>35,216</b>   | <b>46,901</b>                | <b>7,999</b>        | <b>246,019</b>  |
| Interest receivable                   | (158)   | -             | -               | -               | -                            | -                   | (158)           |
| Interest payable (IFRS 16)            | 46  | -             | -               | -               | -                            | -                   | 46              |
| <b>Net expenditure</b>                | <b>5,656</b>  | <b>36,461</b> | <b>89,033</b>   | <b>34,797</b>   | <b>46,294</b>                | <b>7,762</b>        | <b>220,003</b>  |

## 5. Expenditure

|   | 31 March 2024  | 31 March 2023<br>(restated) |
|---|----------------|-----------------------------|
|   | £000           | £000                        |
| <b>Staff Costs</b>                                      |                |                             |
| Wages and salaries                                      | 113,188        | 93,839                      |
| Social security costs                                   | 11,633         | 9,312                       |
| Other pension costs                                     | 28,130         | 23,564                      |
| Less recoveries in respect of outward secondments       | (1,519)        | (1,450)                     |
| <b>Staff costs</b>                                      | <b>151,432</b> | <b>125,265</b>              |
| <b>Other Costs</b>                                      |                |                             |
| Travel, subsistence and hospitality                     | 6,345          | 4,521                       |
| Estate management                                       | 1,406          | 1,272                       |
| Stationery and printing                                 | 73             | 93                          |
| Internal audit fees                                     | 256            | 331                         |
| Transport and plant costs                               | 866            | 1,016                       |
| Credit losses   | 316            | 21                          |
| SSCL shared service charges                             | 12             | 22                          |
| Other professional services                             | 768            | 2,352                       |
| IT costs  | 4,450          | 3,772                       |
| Training and development                                | 1,726          | 2,228                       |
| Professional memberships                                | 113            | 121                         |
| Protective clothing, lab and safety equipment           | 44             | 187                         |
| Cost of sale of inventories                             | 1,352          | -                           |
| Other operating costs                                   | 1,511          | 2,600                       |
| <b>Non-cash items</b>                                   |                |                             |
| Depreciation  | 1,018          | 974                         |
| Depreciation on right of use assets                     | 551            | 556                         |
| Amortisation  | 341            | 92                          |
| Revaluation/impairment on non-current assets            | 3,872          | 2,422                       |
| Provisions provided for in year/(written back)          | (309)          | 3,400                       |
| Provisions utilised in the year                         | (2,338)        | (3,679)                     |
| Notional corporate services recharges                   | 46,859         | 36,461                      |
| Impairment of inventories                               | 461            | -                           |
| Loss on the disposal of property, plant and equipment   | 91             | 56                          |
| Profit on the disposal of property, plant and equipment | (82)           | (260)                       |
| <b>Programme</b>  |                |                             |
| Grant expenditure                                       | 33,509         | 20,586                      |
| Short term and low value leases and NNR agreements      | 543            | 314                         |
| Science and evidence monitoring surveillance            | 10,106         | 10,113                      |
| Research and development                                | 23,588         | 12,870                      |
| Legal   | 2,324          | 1,194                       |
| District Level Licensing                                | 3,718          | 3,925                       |
| Professional services                                   | 1,406          | 755                         |
| Other programme expenditure                             | 19,041         | 12,439                      |
| <b>Total</b>  | <b>315,369</b> | <b>246,019</b>              |

## 6. Income

### 6.1. Revenue from contracts with customers

|   | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
|   | £000          | £000          |
| Discretionary advice (inc. PSS and undefined scope)                 | 3,396         | 2,411         |
| Wildlife Incident Investigation Service (WIIS)                      | 363           | 346           |
| Strategic Access Management and Monitoring (SAMM) agreement         | 662           | 528           |
| National Nature Reserves (NNR) income                               | 721           | 876           |
| Contributions and grants from partners and private sector companies | 341           | 324           |
| Miscellaneous income  | 607           | 588           |
| Great Crested Newt District Level Licensing income                  | 9,997         | 12,131        |
| Nutrient Mitigation Scheme income                                   | 1,443         | -             |
| Wildlife licencing  | 1,600         | 2,300         |
| <b>Total revenue from contracts with customers</b>                  | <b>19,130</b> | <b>19,504</b> |

#### 6.1.1. Significant judgements applied

For some groups of contracts revenue is recognised at a point in time and for others it is more appropriate to recognise it over time as the service is delivered.

Natural England recognises expected credit losses using the simplified approach in IFRS 9 recognised lifetime credit losses on inception.

#### 6.1.2. Performance obligations (PO)

Performance obligations are promises to transfer goods or services to a customer, and these form part of the contract with the customer. Our contracts largely contain a single performance obligation, and the transaction price allocated to each obligation is therefore determined by the agreed price in the contract with the customer.

Natural England has chosen to show revenue from contracts with customers broken down by the type of goods and services sold as this most accurately represents the income earned. The following table show the different categories of contact that Natural England has with customers and when the associated performance obligations are typically satisfied.

#### Natural England's income recognition points

| Performance obligations typically satisfied at a point in time  |   |
|---|---|
| Description of income   | Income recognition point                                  |
| Discretionary Advice Service (including PSS)                    | When the advice is given to the customer.                 |
| NNR Income – NNR usage licences, wayleaves, rents etc.          | When the right of use is granted to the customer.         |
| NNR Income – timber sales, filming rights, livestock sales etc. | When the goods or services are delivered to the customer. |

|   |  |
|---|--|
| Legal receipts (fines and penalties recorded under miscellaneous income)                      | When the income is received.   |
| District Level Licencing for Great Crested Newts – enquiry fee                                | When Natural England completes an impact assessment, on application by a developer, determining the cost of mitigation for a proposed development.   |
| District Level Licencing for Great Crested Newts – conservation payment                       | When the Impact Assessment and Conservation Payment Certificate (IACPC), which forms the basis of the contract between Natural England and the Developer, is signed by both parties, transferring the obligation to mitigate the harm caused by the proposed development to Natural England. |
| District Level Licencing for Great Crested Newts – licence fee                                | When a licence application has been duly assessed in line with the Habitat Regulations and the licence issued by Natural England to a customer.  |
| Nutrient Mitigation Scheme – Administration Fee   | When Natural England issues a Provisional Nutrient Credit Certificate to a developer.  |
| Nutrient Mitigation Scheme – Mitigation Payment   | When Natural England issues a Final Nutrient Credit Certificate to a developer.  |
| Biodiversity Net Gain – Registration of Gain Sites  | When Natural England processes an application to register, amend, remove, allocate or deallocate a gain site from the Biodiversity Net Gain Register.  |
| Performance obligations typically satisfied over time   |  |
| Description of income   | Income recognition point   |
| Discretionary Advice Service – undefined scope contracts                                      | When the advice is delivered and so this revenue is recognised over time using the input method evidenced by timesheet data.   |
| Catchment Sensitive Farming – Water Company contracts   | When the advice is delivered, using the output method evidenced by the passage of time, with invoices raised quarterly.  |
| High Speed 2 (HS2) contract   | When the advice is delivered and so this revenue is recognised over time using the input method evidenced by timesheet data.   |
| Wildlife Incident Investigation Service (WIIS) contract                                       | When the advice is delivered and so this revenue is recognised over time using the input method evidenced by timesheet data.   |
| Strategic Access Management and Monitoring (SAMM) agreement                                   | When services are delivered using the input method evidenced by costs incurred to date.  |
| Contributions from lead partners for EU LIFE, HLF, EU Horizon 2020, UKRI and the Crown Estate | When project deliverables are delivered using the input method evidenced by costs incurred to date.  |

### 6.1.3. Transaction price allocated to remaining performance obligations

Natural England has several multi-year contracts in place with customers that not yet completed as of 31 March 2024, including:

- i. **Strategic Access Management and Monitoring (SAMM)** agreement contract, which is billable quarterly in arrears. Natural England accounts for the income due under the SAMM agreement based on how much of the performance obligation has been completed by 31 March 2024.
- ii. **Discretionary Advice Service (DAS)** contracts with customers in which Natural England provides advice on planning applications. Natural England accounts for the income due under these contracts using the input method evidenced by timesheet data.

As a practical expedient, Natural England does not report the transaction price allocated to remaining performance obligations for any contracts that had an original expected contract duration of less than one year.

### 6.1.4. District Level Licensing for Great Crested Newts

Great Crested Newts (GCN) are designated and protected as European protected species under the Conservation of Habitats and Species Regulations 2017. GCN are also listed as a rare and most threatened species under S41 of the Natural Environment and Rural Communities Act 2006. S41 species need to be taken account of as part of any planning decision, and any development needs to comply with the legal protection of GCN. There are two approaches to comply with the legal protection of GCN:

- the traditional mitigation licences; and
- the District Level Licencing (DLL) approach which is an alternative route aimed at increasing the number of GCNs by providing new or better habitats in targeted areas to benefit their wider population, whilst being a simpler and quicker process for developers compared to the traditional mitigation licence.

The DLL approach operates in certain parts of England, and Natural England is one of several bodies that operate such a scheme. The income that Natural England reports as conservation payments are the developer's contributions which Natural England uses to create and maintain ponds for 25 years. Natural England recognises a provision to represent the cost of future maintenance for the ponds, discounted at the appropriate rate.

### 6.1.5. The Nutrient Mitigation Scheme

There are 62 Local Planning Authorities (LPAs) in England where Natural England has determined that pollution of nitrogen and phosphorus from wastewater is a significant environmental issue, leading to *unfavourable conservation status* for designated water-dependent habitat sites. In these LPAs, near the affected water-dependent sites, new dwellings should achieve Nutrient Neutrality to comply with the Habitat Regulations, meaning for every kilogram of nitrogen or phosphorus added to the catchment, one kilogram must be removed. Developers can achieve this through buying Nutrient Credits from Natural England.

Natural England secures nutrient reductions by, for example, making agreements with landowners to cease the use of nitrogen-rich fertiliser on their land. The kilograms of nutrient pollution then avoided are sold to developers as Credits, unlocking housebuilding. Natural England monitors these agreements for up to 125 years using funds generated from the sale of credits. See Note 3.3 for further information.

## 6.2. Other operating income

|                                     | 31 March 2024 | 31 March 2023 |
|-------------------------------------|---------------|---------------|
|                                     | £000          | £000          |
| Basic Payment Scheme                | 525           | 648           |
| Apprenticeship Levy                 | 273           | 282           |
| EU LIFE Grants                      | 3,054         | 3,083         |
| Heritage Lottery funding            | 1,455         | 2,197         |
| Crown Estates income                | 2,654         | -             |
| Grants from local government        | 133           | 114           |
| Donations                           | 245           | 76            |
| <b>Total other operating income</b> | <b>8,339</b>  | <b>6,400</b>  |

Natural England accounts for income that does not fall within the scope of IFRS 15 Revenue from Contracts with Customers as other operating income. Grants received are accounted for using IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The two largest sources of income accounted for under IAS 20 are:

- I. European Union grants received from EU LIFE and other EU grant programmes for delivering specific environmental projects. Natural England is no longer able to apply for European Union funding following the UK's withdrawal from the European Union; however existing projects will continue to be funded until the end of the project.
- II. Heritage Lottery funding is received from the National Lottery for delivering specific environmental projects.

Natural England was donated land which has been professionally valued by external valuers at £151k. In accordance with the FReM this is recognised as income.



## 7. Non-current assets

### 7.1. Property, plant and equipment

#### 6.1.1 Property, plant, and equipment at 31 March 2024

|                                     | Land          | Buildings owned | Leasehold Improvements | IT         | Furniture and Fittings | Plant and Machinery | Vehicles     | Assets under construction | Total         |
|-------------------------------------|---------------|-----------------|------------------------|------------|------------------------|---------------------|--------------|---------------------------|---------------|
|                                     | £000          | £000            | £000                   | £000       | £000                   | £000                | £000         | £000                      | £000          |
| <b>Cost or valuation</b>            |               |                 |                        |            |                        |                     |              |                           |               |
| At 1 April 2023                     | 17,816        | 9,633           | -                      | 718        | 2,696                  | 8,628               | 4,066        | 10,448                    | 54,005        |
| Additions                           | 3,001         | 750             | -                      | -          | -                      | 1,051               | 7            | 8,194                     | 13,003        |
| Disposals                           | -             | (97)            | -                      | (322)      | (18)                   | (237)               | (160)        | -                         | (834)         |
| Impairment (note 9)                 | (1,273)       | -               | -                      | -          | -                      | -                   | -            | (105)                     | (1,378)       |
| Reclassifications                   | 669           | 564             | 346                    | -          | 1,336                  | -                   | -            | (2,246)                   | 669           |
| Revaluation                         | 373           | 740             | -                      | -          | -                      | -                   | -            | -                         | 1,113         |
| <b>At 31 March 2024</b>             | <b>20,586</b> | <b>11,590</b>   | <b>346</b>             | <b>396</b> | <b>4,014</b>           | <b>9,442</b>        | <b>3,913</b> | <b>16,291</b>             | <b>66,578</b> |
| <b>Depreciation</b>                 |               |                 |                        |            |                        |                     |              |                           |               |
| At 1 April 2023                     | -             | 2,476           | -                      | 714        | 2,381                  | 5,457               | 2,235        | -                         | 13,263        |
| Other movements                     | -             | -               | -                      | -          | -                      | -                   | -            | -                         | -             |
| Charges in year                     | -             | 273             | -                      | 2          | 45                     | 452                 | 246          | -                         | 1,018         |
| Disposals                           | -             | (60)            | -                      | (323)      | (16)                   | (156)               | (152)        | -                         | (707)         |
| Impairment (note 9)                 | -             | 19              | -                      | -          | -                      | -                   | -            | -                         | 19            |
| Reclassifications                   | -             | -               | -                      | -          | -                      | -                   | -            | -                         | -             |
| Revaluation                         | -             | 208             | -                      | -          | -                      | -                   | -            | -                         | 208           |
| <b>At 31 March 2024</b>             | <b>-</b>      | <b>2,916</b>    | <b>-</b>               | <b>393</b> | <b>2,410</b>           | <b>5,753</b>        | <b>2,329</b> | <b>-</b>                  | <b>13,801</b> |
| <b>Net book value 31 March 2024</b> | <b>20,586</b> | <b>8,674</b>    | <b>346</b>             | <b>3</b>   | <b>1,604</b>           | <b>3,689</b>        | <b>1,584</b> | <b>16,291</b>             | <b>52,777</b> |
| Net book value 31 March 2023        | 17,816        | 7,157           | -                      | 4          | 315                    | 3,171               | 1,831        | 10,448                    | 40,742        |
| <b>Assets financing</b>             |               |                 |                        |            |                        |                     |              |                           |               |
| Owned                               | 20,586        | 8,674           | 346                    | 3          | 1,604                  | 3,689               | 1,584        | 16,291                    | 52,777        |
| <b>Net book value 31 March 2024</b> | <b>20,586</b> | <b>8,674</b>    | <b>346</b>             | <b>3</b>   | <b>1,604</b>           | <b>3,689</b>        | <b>1,584</b> | <b>16,291</b>             | <b>52,777</b> |

## 6.1.2 Property, plant, and equipment at 31 March 2023

|                                     | Land          | Buildings owned | Leasehold Improvements | IT         | Furniture and Fittings | Plant and Machinery | Vehicles     | Assets under construction | Total         |
|-------------------------------------|---------------|-----------------|------------------------|------------|------------------------|---------------------|--------------|---------------------------|---------------|
|                                     | £000          | £000            | £000                   | £000       | £000                   | £000                |              |                           | £000          |
| <b>Cost or valuation</b>            |               |                 |                        |            |                        |                     |              |                           |               |
| At 1 April 2022                     | 7,335         | 7,893           | (1)                    | 729        | 2,704                  | 8,168               | 5,231        | 1,943                     | 34,002        |
| Other movements                     | -             | -               | 1                      | -          | -                      | -                   | -            | -                         | 1             |
| Additions                           | 10,436        | 1,305           | -                      | -          | -                      | 361                 | 103          | 8,505                     | 20,710        |
| Disposals                           | (27)          | -               | -                      | (11)       | (8)                    | (919)               | (247)        | -                         | (1,212)       |
| Impairment (note 9)                 | (240)         | (292)           | -                      | -          | -                      | (4)                 | -            | -                         | (536)         |
| Reclassifications                   | -             | -               | -                      | -          | -                      | 1,018               | (1,018)      | -                         | -             |
| Revaluation                         | 312           | 727             | -                      | -          | -                      | 4                   | (3)          | -                         | 1,040         |
| <b>At 31 March 2023</b>             | <b>17,816</b> | <b>9,633</b>    | <b>-</b>               | <b>718</b> | <b>2,696</b>           | <b>8,628</b>        | <b>4,066</b> | <b>10,448</b>             | <b>54,005</b> |
| <b>Depreciation</b>                 |               |                 |                        |            |                        |                     |              |                           |               |
| At 1 April 2022                     | -             | 2,148           | (1)                    | 723        | 2,337                  | 5,817               | 2,296        | -                         | 13,320        |
| Other movements                     | -             | -               | 1                      | -          | -                      | -                   | -            | -                         | 1             |
| Charges in year                     | -             | 205             | -                      | 2          | 52                     | 426                 | 289          | -                         | 974           |
| Disposals                           | -             | -               | -                      | (11)       | (8)                    | (900)               | (230)        | -                         | (1,149)       |
| Impairment (note 9)                 | -             | 14              | -                      | -          | -                      | (9)                 | -            | -                         | 5             |
| Reclassifications                   | -             | -               | -                      | -          | -                      | 118                 | (118)        | -                         | -             |
| Revaluation                         | -             | 109             | -                      | -          | -                      | 5                   | (2)          | -                         | 112           |
| <b>At 31 March 2023</b>             | <b>-</b>      | <b>2,476</b>    | <b>-</b>               | <b>714</b> | <b>2,381</b>           | <b>5,457</b>        | <b>2,235</b> | <b>-</b>                  | <b>13,263</b> |
| <b>Net book value 31 March 2023</b> | <b>17,816</b> | <b>7,157</b>    | <b>-</b>               | <b>4</b>   | <b>315</b>             | <b>3,171</b>        | <b>1,831</b> | <b>10,448</b>             | <b>40,742</b> |
| Net book value 31 March 2022        | 7,335         | 5,745           | -                      | 6          | 367                    | 2,351               | 2,935        | 1,943                     | 20,682        |
| <b>Assets financing</b>             |               |                 |                        |            |                        |                     |              |                           |               |
| Owned                               | 17,816        | 7,157           | -                      | 4          | 315                    | 3,171               | 1,831        | 10,448                    | 40,742        |
| <b>Net book value 31 March 2023</b> | <b>17,816</b> | <b>7,157</b>    | <b>-</b>               | <b>4</b>   | <b>315</b>             | <b>3,171</b>        | <b>1,831</b> | <b>10,448</b>             | <b>40,742</b> |

## 7.2. Intangible assets

### 6.1.3 Intangible assets at 31 March 2024

|                                     | Assets under construction | Purchased software | Internally generated software | Total         |
|-------------------------------------|---------------------------|--------------------|-------------------------------|---------------|
|                                     | £000                      | £000               | £000                          | £000          |
| <b>Cost or valuation</b>            |                           |                    |                               |               |
| At 1 April 2023                     | 12,411                    | 9,548              | -                             | 21,959        |
| Additions                           | 13,617                    | -                  | -                             | 13,617        |
| Disposals                           | -                         | (4,709)            | -                             | (4,709)       |
| Impairments                         | (1,993)                   | (287)              | -                             | (2,280)       |
| Reclassifications                   | (12,800)                  | -                  | 12,800                        | -             |
| <b>At 31 March 2024</b>             | <b>11,235</b>             | <b>4,552</b>       | <b>12,800</b>                 | <b>28,587</b> |
| <b>Amortisation and impairment</b>  |                           |                    |                               |               |
| At 1 April 2023                     | -                         | 9,268              | -                             | 9,268         |
| Charged in year                     | -                         | 77                 | 264                           | 341           |
| Disposals                           | -                         | (4,709)            | -                             | (4,709)       |
| Impairments                         | -                         | (87)               | -                             | (87)          |
| <b>At 31 March 2024</b>             | <b>-</b>                  | <b>4,549</b>       | <b>264</b>                    | <b>4813</b>   |
| <b>Net book value 31 March 2024</b> | <b>11,235</b>             | <b>3</b>           | <b>12,536</b>                 | <b>23,774</b> |
| Net book value 31 March 2023        | -                         | 280                | 12,411                        | 12,691        |
| <b>Assets financing</b>             |                           |                    |                               |               |
| Owned                               | 11,235                    | 3                  | 12,536                        | 23,774        |
| <b>Net book value 31 March 2024</b> | <b>11,235</b>             | <b>3</b>           | <b>12,536</b>                 | <b>23,774</b> |

## 6.1.4 Intangible assets at 31 March 2023

|                                     | Purchased software | Internally generated software | Total         |
|-------------------------------------|--------------------|-------------------------------|---------------|
|                                     | £000               | £000                          | £000          |
| <b>Cost or valuation</b>            |                    |                               |               |
| At 1 April 2022                     | 9,548              | 2,405                         | 11,953        |
| Assets under construction           | -                  | 10,006                        | 10,006        |
| <b>At 31 March 2023</b>             | <b>9,548</b>       | <b>12,411</b>                 | <b>21,959</b> |
| <b>Amortisation</b>                 |                    |                               |               |
| At 1 April 2022                     | 9,176              | -                             | 9,176         |
| Charged in year                     | 92                 | -                             | 92            |
| <b>At 31 March 2023</b>             | <b>9,268</b>       | <b>-</b>                      | <b>9,268</b>  |
| <b>Net book value 31 March 2023</b> | <b>280</b>         | <b>12,411</b>                 | <b>12,691</b> |
| Net book value 31 March 2022        | 372                | 2,405                         | 2,777         |
| <b>Assets financing</b>             |                    |                               |               |
| Owned                               | 280                | 12,411                        | 12,691        |
| <b>Net book value 31 March 2023</b> | <b>280</b>         | <b>12,411</b>                 | <b>12,691</b> |

## 8. Non-current heritage assets

Natural England is the body empowered (under the National Parks and Access to the Countryside Act 1949 and Wildlife and Countryside Act 1981) to declare NNRs in England. NNRs were initially established to protect sensitive features and to provide 'outdoor laboratories' for research. Their purpose has since been widened by the Natural Environment and Rural Communities Act 2006 to include quiet recreation where this does not conflict with nature conservation. To visit an NNR or to see our management policies, see details on our website: [www.gov.uk/natural-england](http://www.gov.uk/natural-england).

There are 219 NNRs in England covering 109,000 hectares. Natural England manages approximately two thirds of these on our own or jointly with others, and the remainder are managed by Approved Bodies. Only the value of the NNRs owned or leased by Natural England is reflected in the non-current heritage assets within these accounts. The current net book value of donated heritage assets is £3.3 million.

Valuation of non-operational heritage assets is complex because applying a market value involves a number of judgemental assessments due to the specific features of the site and for some sites with particular features such as peatlands, heathland, coastal sand dunes, and foreshores, there is limited comparable market evidence. See Note 3.1 for further information about the valuation uncertainty.

|                                     | Operational  | Non-operational | Total          |
|-------------------------------------|--------------|-----------------|----------------|
|                                     | £000         | £000            | £000           |
| At 1 April 2023                     | 2,320        | 104,540         | 106,860        |
| Additions                           | -            | 1,791           | 1,791          |
| Impairment                          | -            | (239)           | (239)          |
| Reclassifications                   | -            | (667)           | (667)          |
| Revaluation                         | 114          | 2,480           | 2,594          |
| <b>Net book value 31 March 2024</b> | <b>2,434</b> | <b>107,905</b>  | <b>110,339</b> |
| At 1 April 2022                     | 2,320        | 92,439          | 94,759         |
| Additions                           | -            | 6,653           | 6,653          |
| Impairment                          | -            | (577)           | (577)          |
| Revaluation                         | -            | 6,025           | 6,025          |
| <b>Net book value 31 March 2023</b> | <b>2,320</b> | <b>104,540</b>  | <b>106,860</b> |
| At 1 April 2021                     | 3,361        | 71,348          | 74,709         |
| Additions                           | -            | 1,745           | 1,745          |
| Impairment                          | -            | 297             | 297            |
| Reclassifications                   | -            | 742             | 742            |
| Revaluation                         | (1,041)      | 18,307          | 17,266         |
| <b>Net book value 31 March 2022</b> | <b>2,320</b> | <b>92,439</b>   | <b>94,759</b>  |
| At 1 April 2020                     | 3,251        | 63,835          | 67,086         |
| Prior year adjustments              | -            | 15              | 15             |
| Additions                           | -            | 2,900           | 2,900          |
| Impairment                          | -            | (205)           | (205)          |
| Reclassifications                   | -            | 561             | 561            |
| Revaluation                         | 110          | 4,242           | 4,352          |
| <b>Net book value 31 March 2021</b> | <b>3,361</b> | <b>71,348</b>   | <b>74,709</b>  |
| Gross cost at 1 April 2019          | 3,251        | 61,587          | 64,838         |
| Additions                           | -            | 109             | 109            |
| Impairment                          | -            | 1               | 1              |
| Reclassifications                   | -            | 185             | 185            |
| Revaluation                         | -            | 1,953           | 1,953          |
| <b>Net book value 31 March 2020</b> | <b>3,251</b> | <b>63,835</b>   | <b>67,086</b>  |

## 9. Impairments

### Impairment to Statement of Comprehensive Net Expenditure

(Charge)/Credit to Statement of Comprehensive Net Expenditure

(Charge)/Credit to Revaluation Reserve

| 2023-24      | 2022-23      |
|--------------|--------------|
| £000         | £000         |
| (3,872)      | (2,422)      |
| 3,485        | 7,078        |
| <b>(387)</b> | <b>4,656</b> |

|                                 | Upward<br>revaluation | Downward<br>revaluation | Total RR<br>Movement | Impairment to<br>SOCNE |
|---------------------------------|-----------------------|-------------------------|----------------------|------------------------|
|                                 | £000                  | £000                    | £000                 | £000                   |
| Land                            | 2,280                 | (3,180)                 | 373                  | (1,273)                |
| Building                        | 866                   | (420)                   | 532                  | (86)                   |
| Heritage                        | 6,236                 | (3,881)                 | 2,594                | (239)                  |
| Intangible                      | -                     | (2,193)                 | -                    | (2,193)                |
| Right of use assets             | 9                     | (104)                   | (14)                 | (81)                   |
| <b>Balance at 31 March 2024</b> | <b>9,391</b>          | <b>(9,778)</b>          | <b>3,485</b>         | <b>(3,872)</b>         |

## 10. Financial instruments

As the cash requirements of Natural England are met through GiA provided by Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body. The financial instruments held relate to contracts for non-financial items in line with Natural England's expected purchase and usage requirements and Natural England is therefore exposed to little credit, liquidity, or market risk.

These financial instruments (trade receivables being the most significant) are held to collect contractual cash flows only and are measured at the initial recognition amount less lifetime expected credit losses.

## 11. Assets Held for Sale

Natural England previously reported £3.198 million of Nutrient Credits acquired for the purpose of sale through the Nutrient Mitigation Scheme as intangible assets held for sale. Following a review of the accounting treatment for this scheme, Nutrient Credits will be accounted for using an inventory model under IAS 2 Inventory.

## 12. Inventory

Natural England reports livestock held for sale, consumables, and Nutrient Credits as inventory. Livestock held for breeding purposes are recognised as a non-current agricultural asset. Inventory comprises:

|                       | 31 March 2024 | 31 March 2023 |
|-----------------------|---------------|---------------|
|                       | £000          | £000          |
| Nutrient Credits      | 15,222        | -             |
| Livestock/consumables | 115           | 115           |
| <b>Total</b>          | <b>15,337</b> | <b>115</b>    |

On 31 March 2023, £3.198 million of Nutrient Credits was accounted for as intangible assets held for sale. Nutrient Credits are now accounted for as inventory. Prior year comparatives have not

been restated retrospectively since the balance at 31 March 2023 is not considered material; a reclassification between intangible assets and inventory took place during 2023-24.

### 13. Trade and Other Receivables

|   | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Amounts falling due within one year</b>                    |               |               |
| Trade receivables   | 3,570         | 3,952         |
| VAT   | 2,122         | -             |
| Prepayments   | 74            | 180           |
| Accrued income – DLL Newts                                    | 13,174        | 13,328        |
| Accrued income – Other  | 2,873         | 4,449         |
| Contract assets   | -             | 2             |
| Less expected credit loss for receivables and contract assets | (615)         | (37)          |
| <b>Total receivables due within one year</b>                  | <b>21,198</b> | <b>21,874</b> |
| <b>Amounts falling due after more than one year</b>           |               |               |
| Accrued income – DLL Newts                                    | 3,502         | 731           |
| Less expected credit loss for receivables and contract assets | (69)          | -             |
| <b>Total receivables due after more than one year</b>         | <b>3,433</b>  | <b>731</b>    |
| <b>Total receivables</b>                                      | <b>24,631</b> | <b>22,605</b> |

### 14. Cash and cash equivalents

|  | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
|  | £000          | £000          |
| <b>Balance at 1 April</b>                              | 15,808        | 23,760        |
| Net change in cash and cash equivalent balances        | 6,062         | (7,952)       |
| <b>Balance at 31 March</b>                             | <b>21,870</b> | <b>15,808</b> |
| <b>The following balances at 31 March are held at:</b> |               |               |
| Government Banking Services                            | 21,870        | 15,808        |
| <b>Balance at 31 March</b>                             | <b>21,870</b> | <b>15,808</b> |

## 15. Trade and other payables

|   | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Amounts falling due within one year</b>          |               |               |
| VAT   | -             | 571           |
| Other taxation and social security                  | 2,945         | 2,356         |
| Trade and other payables                            | 23,965        | 11,126        |
| Accruals  | 46,551        | 46,171        |
| Deferred income                                     | 3,132         | 5,282         |
| Contract liabilities                                | -             | 61            |
| Obligations under leases                            | 471           | 501           |
| <b>Trade and other payables due within one year</b> | <b>77,064</b> | <b>66,068</b> |
| <b>Amounts falling due after more than one year</b> |               |               |
| Obligations under leases                            | 3,845         | 3,961         |
| <b>Other payables due after more than one year</b>  | <b>3,845</b>  | <b>3,961</b>  |
| <b>Total trade and other payables</b>               | <b>80,909</b> | <b>70,029</b> |

## 16. Provisions for liabilities and charges

|                   | Balance at 1 April 2023 (restated) | Provided in the year | Provisions utilised in the year | Provisions not required written back | Balance at 31 March 2024 |
|-------------------|------------------------------------|----------------------|---------------------------------|--------------------------------------|--------------------------|
|                   | £000                               | £000                 | £000                            | £000                                 | £000                     |
| Pension provision | 113                                | 4                    | (10)                            | -                                    | 107                      |
| Litigation        | 12,699                             | 1,001                | (954)                           | (2,719)                              | 10,027                   |
| DLL Newts         | 7,951                              | 1,761                | (1,374)                         | (352)                                | 7,986                    |
|                   | <b>20,763</b>                      | <b>2,766</b>         | <b>(2,338)</b>                  | <b>(3,071)</b>                       | <b>18,120</b>            |

Please see Note 3.2 for information about the estimation uncertainty in calculating the DLL Newts provision.

The prior year litigation balances shown in the table above have been restated. Please see Note 2 for more information.

Included in the litigation line above is (as at 31 March 2024) £9.380 million relating to 38 equal pay claims lodged in 2021-22 and the potential for future further claims. The 38 equal pay claims in existence at 31 March 2024 were settled without admission of liability after the end of the 2023-24 financial year for £1.173 million, which is included in the total £9.380 million provided. The remaining balance represents an allowance for Natural England's potential obligations in relation to potential future claims that may be lodged. The remainder of the Litigation balance relates to HR and compensation cases. Provisions utilised in the year relate to other provisions included in the litigation line. Provisions not required written back relate to reduction in the equal pay claim provision.



The ex-gratia settled claims were historic, relating to pay from 2016 to 2022, and Natural England has taken steps to reduce the percentage pay disparity levels. The cases arose because when the organisation was formed in 2006, pay ranges of the three founding bodies were combined, not reformed, and so pay for an individual was determined by prior employment, not the equivalence in the job they were now doing. Public sector pay restraint meant this could not be addressed for some time.

Natural England has, however, taken a number of steps to reduce the incidence of equal pay: i.e., when a woman is paid less than a man for doing the equivalent work. This includes ensuring women can progress their careers (including a pay scale restructure and proportionate application of annual pay awards), such that the mean gender pay gap in Natural England is now one per cent. The Equal Pay Audit 2023/24 shows a decrease in the mean pay gap across all pay groups to below the difference levels the Equality and Human Rights Commission considers that further investigation may be appropriate. Pay gaps range from 0.19 per cent and 1.87 per cent (depending on staff framework level). Please see: [Natural England gender pay gap report 2024 - GOV.UK](#).

Some historical residual risks remain which are difficult to quantify but Natural England is taking proactive and meaningful steps around further pay reform.

Given the residual risk but noting that there is significant uncertainty and no benchmarks, Natural England has recognised a provision of £9.4 million. This provision valuation has been determined in the context of the significant uncertainties which exist over both the potential for further claims to occur and any potential obligations arising from those claims and is significantly higher than Natural England consider to be the most likely scenario. Natural England consider there is a reasonable probability that outflow on future claims will be significantly lower than this and may be £nil if no claims are made and will in any case diminish in future years as the pay gap has reduced. See Note 3.4 for further information.

#### Analysis of expected timings of discounted flows

|                   | Not later than one year | Later than one year and not later than five years | Later than five years | Balance at 31 March 2024 |
|-------------------|-------------------------|---|-----------------------|--------------------------|
|                   | £000                    | £000  | £000                  | £000                     |
| Pension provision | 10                      | 37  | 60                    | 107                      |
| Litigation        | 1,378                   | 8,649   | -                     | 10,027                   |
| DLL Newts         | 927                     | 3,161   | 3,898                 | 7,986                    |
|                   | <b>2,315</b>            | <b>11,847</b>                                     | <b>3,958</b>          | <b>18,120</b>            |

## 17. Commitments under leases

Further information about Natural England's leases and right of use assets is available in the accounting policies.

### 17.1. Quantitative disclosures around right of use assets

|   | Heritage land | Buildings  | Total        |
|---|---------------|------------|--------------|
|   | £000          | £000       | £000         |
| <b>Right of use assets</b>              |               |            |              |
| <b>Opening balance at 1 April 2023</b>  | <b>3,960</b>  | <b>931</b> | <b>4,891</b> |
| Additions                               | 102           | 219        | 321          |
| Depreciation expense                    | (385)         | (166)      | (551)        |
| Revaluations                            | (90)          | (5)        | (95)         |
| <b>Closing balance at 31 March 2024</b> | <b>3,587</b>  | <b>979</b> | <b>4,566</b> |

|   | Heritage land | Buildings    | Total        |
|---|---------------|--------------|--------------|
|   | £000          | £000         | £000         |
| <b>Right of use assets</b>              |               |              |              |
| <b>Opening balance at 1 April 2022</b>  | <b>5,457</b>  | <b>1,069</b> | <b>6,526</b> |
| Additions                               | 59            | 40           | 99           |
| Depreciation expense                    | (391)         | (165)        | (556)        |
| Revaluations                            | (1,165)       | (13)         | (1,178)      |
| <b>Closing balance at 31 March 2023</b> | <b>3,960</b>  | <b>931</b>   | <b>4,891</b> |

### 17.2. Quantitative disclosures around lease liabilities - Maturity analysis

|   | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Obligations under leases for the following periods comprise:</b> |               |               |
| <b>Land and buildings</b>   |               |               |
| Not later than one year   | 476           | 517           |
| Later than one year and not later than five years                   | 1,591         | 1,571         |
| Later than five years   | 3,238         | 3,136         |
|   | <b>5,305</b>  | <b>5,224</b>  |
| Less interest element   | (989)         | (762)         |
| <b>Present value of obligations</b>                                 | <b>4,316</b>  | <b>4,462</b>  |
|   |               |               |
|   | 31 March 2024 | 31 March 2023 |
|   | £000          | £000          |
| <b>Total present value of obligations</b>                           | <b>4,316</b>  | <b>4,462</b>  |
| Current portion   | 471           | 501           |
| Non-current portion   | 3,845         | 3,961         |

### 17.3. Lease liability movement in year

|                                    | 2023-24 | 2022-23 |
|------------------------------------|---------|---------|
|                                    | £000    | £000    |
| Opening liability at 1 April 2023  | 4,462   | 4,853   |
| Additions                          | 321     | 45      |
| Payments                           | (519)   | (482)   |
| Interest                           | 52      | 46      |
| Closing liability at 31 March 2024 | 4,316   | 4,462   |

### 17.4. Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure

|                                      | 31 March 2024 | 31 March 2023 |
|--------------------------------------|---------------|---------------|
|                                      | £000          | £000          |
| Sub-leasing income                   | (54)          | (42)          |
| Expense related to short-term leases | 14            | 26            |

### 17.5. Quantitative disclosures around cash outflow for leases

|                                 | 31 March 2024 | 31 March 2023 |
|---------------------------------|---------------|---------------|
|                                 | £000          | £000          |
| Capital lease liability payment | 519           | 482           |

### 17.6. Qualitative disclosure around utilisation of right-of-use assets held for use within the group

The corporate office estate occupied by Natural England staff (and others in the Defra group) are managed by Defra group Property services within core Defra. Where there is a formal sub-lease between entities, these sub leases will be assessed and treated accordingly as finance or operating sub leases. For Natural England there are no formal sub-leases, and this is the case for the majority of occupation across the group. Therefore, the right-of-use assets for the Defra corporate estate are reflected in the accounts of the legal leaseholder, either the core department or the Environment Agency.

Within the Statement of Comprehensive Net Expenditure, the full cost of occupation of the corporate office estate is reflected within the Notional Corporate Service Recharge in Other expenditure. The costs recharged are proportionate to occupation and include rates, utilities, management overheads, facilities management and associated capital charges.

## 18. Other financial commitments

Natural England has entered into non-cancellable contracts. The total payments to which Natural England is committed are as follows:

|   | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
|   | £000          | £000          |
| Not later than one year                           | 13,375        | 19,657        |
| Later than one year and not later than five years | 4,426         | 15,021        |
| Later than five years                             | 382           | -             |
| <b>Present value of obligations</b>               | <b>18,183</b> | <b>34,678</b> |

## 19. Contingent liabilities disclosed (under IAS 37) and claims against Natural England

At 31 March 2024, Natural England had contingent liabilities incurred in the ordinary course of its business in respect of its statutory and regulatory functions. Natural England has assessed no material losses are expected to arise from these contingent liabilities, should these crystallise.

## 20. Related party disclosures

Natural England is an executive non-departmental public body sponsored by the Department for Environment, Food, and Rural Affairs (Defra), which is therefore regarded as a related party. Natural England has carried out a significant number of material transactions with Defra in the normal course of business, and with other entities for which Defra is regarded as the parent department including the Environment Agency, and the Animal and Plant Health Agency.

Natural England requires board members and employees to disclose their register of interests and discloses the sum total of payments made or received with organisations for whom board members or members of Natural England's Executive Committee have disclosed a related party interest:

**Table 1: Related party transactions for Board and Executive Committee members**

| Board member/senior staff related party disclosures | Corporate related body                    | Total payments made £000 | Total income received £000 | Amount owed by Natural England at 31 March 2024 £000 | Amount owed to Natural England at 31 March 2024 £000 |
|---|---|--------------------------|----------------------------|--|--|
| Lord Blencathra                                     | Joint Nature Conservation Committee       | 7                        | 15                         | 10   | -  |
| Professor Mel Austen                                | Joint Nature Conservation Committee       | 7                        | 15                         | 10   | -  |
| Professor Lynn Dicks                                | Royal Entomological Society               | 99                       | -                          | -  | -  |
| Professor Clare Fitzsimmons                         | Joint Nature Conservation Committee       | 7                        | 15                         | 10   | -  |
|   | Newcastle University                      | 89                       | -                          | 10   | -  |
| Kerry ten Kate                                      | Royal Society for the Protection of Birds | 3,246                    | 28                         | 619  | 2  |
|   | Finance Earth                             | 1                        | -                          | -  | -  |
| Alan Law  | Wildfowl & Wetlands Trust                 | 394                      | -                          | 31   | -  |

|                       |                   |   |    |   |   |
|-----------------------|-------------------|---|----|---|---|
| Dame Caroline Spelman | Church of England | - | 31 | - | - |
|-----------------------|-------------------|---|----|---|---|

In addition to the above disclosures, Dr Tony Juniper, Natural England's Chair, was an ex officio member of Defra until 2 February 2024. Defra provide the majority of our funding and we have several material transactions with them.

## 21. Events after the reporting date

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date of which the accounts are authorised for issue by the Accounting Officer.

On 10 February 2025, Natural England launched a voluntary exit scheme for employees, in which we expect to agree exit packages for around 200 people. The estimated financial effect of this is £10 million. Payments under this scheme will be made during the 2024-25 financial year. This is deemed to be a non-adjusting event as both the decision to launch the scheme and the announcement to Natural England's employees occurred after the reporting date for these financial statements.

## 22. Corporation Tax

Natural England is chargeable to Corporation Tax on its trading activities, investment income, and chargeable gains.

|                           | 31 March 2024 | 31 March 2023 |
|---------------------------|---------------|---------------|
|                           | £000          | £000          |
| Corporation Tax liability | 369           | -             |

# Annex One: Natural capital: Evidence and decision making for people and nature (unaudited)

## Introduction

Natural capital is the term we use to describe parts of the natural environment that produce benefits which society values, such as water, air, and trees. It can be used as a lens to consider the environment and help us make better decisions for nature and for people. It also gives us a way to value benefits provided by nature such as food production, climate change mitigation and adaptation, and health and wellbeing benefits. This can be done in a Natural Capital Account.

Natural England produced a natural capital account for its owned and managed NNRs in 2019 ([Sunderland and others, 2019](#)). Following this, a natural capital account was produced for the Tees Valley Combined Authority ([Harle and Marsh, 2021](#)) and North Sea Sandeel Fishery ([Kharadi & Bayes, 2022](#)). All accounts were innovative in their approach, presenting the ecological evidence about the state of the ecosystems alongside evidence about the value of the benefits.

Understanding the state of the ecosystems is important to know how sustainable their provision of benefits is and to be able to make decisions about management. A common issue with the production of robust natural capital assessments and accounts is a lack of regularly updated, openly available data and evidence about an ecosystems' quantity (how much), quality (how well it is functioning) and location (where it is), all in terms of the provision of benefits.

Natural England's work on the State of Natural Capital Report for England and as part of the marine and terrestrial NCEA programmes has made significant progress in the collection and application of natural capital evidence on land and sea.

## Reporting the state of natural capital

This year, Natural England has been preparing the 'State of Natural Capital Report for England 2024: Risks to nature and why it matters'. In this report, we assess the state of natural capital assets, the risks they face, and what this means for the benefits society and the economy rely on.

The State of Natural Capital Report (SONC) provides a novel evidence-based approach to highlight the ecosystems and benefits that are most at risk, from key drivers of change such as pollution and climate change. It also provides actionable opportunities for decision-makers across policy areas to reduce the risk to their areas of delivery by investing in and improving the state of natural capital now.

The report also presents a set of indicators for measuring change in ecosystems, telling us more about the quantity, quality, and location (where possible) of ecosystem assets. These indicators are based on previous work on Natural Capital Indicators: for defining and measuring change in natural capital – NERR076 ([Lusardi and others 2018](#)). This work systematically identified the attributes of the natural environment vital for underpinning the benefits which nature provides to society.

In our State of Natural Capital reporting, we propose a concise suite of key indicators, related to the provision of ecosystem services, for each ecosystem asset, and the metrics for measuring them. These indicators, along with a review of other evidence sources, underpin our assessment of both asset state and risk. Data sources were chosen which are openly available, transparent, regularly updated, and consistently collected across England to allow their use in national-level indicators and metrics.

The report explores five drivers of ecosystem change which are directly contributing to the decline of our ecosystem assets. Framing our outputs through the lens of risk may help decision-makers to understand the state of the natural assets and benefits they depend on, how their business

activities may (directly or indirectly) be impacting our natural capital, and critically, how they can act to address these risks.

## **Marine Natural Capital and Ecosystem Assessment (mNCEA)**

Natural England is working with the MMO, Environment Agency, JNCC, and Cefas to deliver the marine NCEA programme, the current phase of which continues until March 2025. Natural England's work is continuing to grow year on year and is divided between two main projects. The 'Future Monitoring' project focusses primarily on using natural capital approaches in evidence collection and monitoring, while 'Place-based Assessment' looks at the integration of different types of data and its application in local and regional decision making.

Key areas of work for the Future Monitoring project in 2023-24 were spread across a series of work packages:

- WP 1: Understanding inshore ecological data in the natural capital context
- WP 2: Innovative approaches to marine monitoring
- WP 3: Developing and implementing robust protocols for citizen science

Collectively, these work packages were designed to support making the most of the data we have now, designing a new monitoring programme to help to fill key evidence gaps, driving innovation in marine monitoring and putting people at the heart of the marine environment. Specific activities included primary data collection for seagrass beds and estuarine bird populations, testing the effectiveness of eDNA techniques for marine mammals and benthic condition assessment, understanding what remote sensing data can tell us about marine ecosystem assets and services, and exploring the opportunities for using citizen science for different marine species. The involvement of citizen scientists in analysing images of seabird nesting and feeding behaviour was particularly successful; within five days, members of the public had processed all 8,000 test images published on the web platform.

Tasks under the Place-based Assessment project were divided between two work packages:

- WP 4: Integrated approaches to evidence collection
- WP 5: Natural capital assessments at different scales

WP4 focused on the collection of social and economic information in tandem with ecological data to provide a richer evidence base for a place to support decision making, with a particular focus on supporting the IFCAs in developing management plans for estuarine shellfisheries. Collecting primary data on cultural values was a key evidence gap addressed in the project, which included economic valuation and qualitative assessment. A primary aim of WP5 was to develop tools, guidance and worked case studies (in Cornwall and Yorkshire) to support best practice for nested natural capital assessments in marine areas. The project also looked at situations where such assessments might be applied, considering how locally-led plans for marine recovery might develop and support existing and emerging marine policies such as marine net gain. We have also been working with the MMO to apply a natural capital approach to the ongoing sustainability assessment for the East Marine Plan revision.

With three years of the programme now delivered, the impact of earlier work undertaken by Natural England in earlier stages of the mNCEA is also beginning to show. The innovative 'Sandeel Natural Capital Account' helped to communicate how prohibiting industrial sandeel fisheries would bring benefits to the total value of North Sea fish landings as well as to bird and marine mammal populations, supporting the process that led to the UK government's decision to prohibit sandeel fishing within English waters of ICES Area 4 (North Sea) from 26 March 2024.

## Terrestrial Natural Capital and Ecosystem Assessment (tNCEA)

The tNCEA programme was set up to ensure that we have the environmental data needed to understand the state of our terrestrial ecosystems, support decision-making, and monitor progress towards nature recovery. It collects data on the extent, condition, and change over time of our ecosystems, which will allow us to quantify the benefits they provide to society. Natural England has been awarded almost £50 million for the first three years, delivering as part of a Defra led consortium of organisations.

The terrestrial programme aims to increase the spatial scale of data, draw together existing data streams, and provide tools to help us understand our impacts on ecosystems. High profile projects led by Natural England include:

- The England Ecosystem Survey (EES) – an ambitious environmental monitoring programme which began gathering data in earnest in 2023. A strategic sample of plots across England will be surveyed over five years. EES will measure ecosystem quality across a wide range of land use types, to understand how our ecosystems are functioning, and how they are changing. This will include aspects of vegetation, ponds, soils, and landscapes. Data publication will begin in 2025.
- Living England, a national habitat map created using machine learning, with inputs from satellite imagery, field data records and other geospatial data. It provides information on the extent, distribution, and location of broad habitats across England. Living England is publicly available and will be updated every 2 years.
- The England Peat Map, which will provide critical evidence about the state of our peatlands. It combines existing datasets with Earth observation and new field survey to create a modelled map of peaty soils across England. It shows the extent and depth of our peat deposits, along with surface features and what vegetation they support. It will allow us to estimate how much peat we have and what condition it's in. Initial publication is expected in 2025.

A range of other maps documenting the locations of our natural capital (e.g. priority habitats, vascular plant distribution, green infrastructure) and in some cases offering support for prioritisation of targeted restoration (e.g. habitat network maps).

Beyond specific mapped products, the NCEA works to improve the availability of environmental data. This includes work with major players in the biological recording sector to improve data flows, and projects to understand and support the citizen science sector, which supplies much of the data used across the environmental sector.

When available, these data will have a range of uses, including underpinning future State of Natural Capital for England reports, and reporting on the 25 Year Environment Plan Indicators, Environment Act targets, and UK Marine Strategy targets. The NCEA will also be providing data for Local Nature Recovery Strategies, helping to evaluate policies like Environmental Land Management and Biodiversity Net Gain. Data will also be used for planning and developing nature recovery projects and in national and regional natural capital assessments or accounts.





Natural England is here to secure a healthy natural environment for people to enjoy, where wildlife is protected and England's traditional landscapes are safeguarded for future generations.

Natural England publications are available from [www.gov.uk/natural-england](http://www.gov.uk/natural-england).

Should an alternative format of this publication be required, please contact our enquiries line for more information: 0300 060 3900 or email [enquiries@naturalengland.org.uk](mailto:enquiries@naturalengland.org.uk).

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