

Annual Report and Accounts 2025/26

(for the year ended 31 March 2026)

Annual Report and Accounts for the year ended 31 March 2026

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to the Environment Act 2021

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Performance report

Performance report

These accounts cover the year from 1 April 2025 to 31 March 2026.

In this section, we describe our organisation, mission, objectives and functions, and how we have delivered against these during the year.

Chief Executive's Statement



A thriving environment is the foundation of economic prosperity and growth. It underpins national resilience and national security. It enables the health and wellbeing of people, and as the UK Government sets out in its Environmental Improvement Plan, when the environment thrives, we thrive too.

The OEP was established in 2021 to oversee how the governments in England and Northern Ireland steward the environment for the long-term. This annual report provides information about how we protected and improved the environment in our fourth full year. It was a year of strong delivery. Our work is increasingly shaping scrutiny, improving implementation, and enabling compliance – in each case so that better environmental outcomes are more likely to happen. We delivered 94% of the commitments we made in our corporate plan in whole, or large part.

Last year, we revised our strategy to strengthen yet further our focus on contributing the most we can to the environmental improvement government seeks, through our reporting, advisory and compliance functions.

And we are having effect. Our strategic approach to investigation and enforcement focuses on public authorities taking the steps needed to comply with the law as quickly as possible. Our significant and long-term investigation into the regulation of combined sewer overflows completed this year, with material steps taken by all three public authorities during its course. We expect more effective and better coordinated regulation as a result.

Our considered, targeted and evidence-led advice to government has supported it to secure the outcomes it aspires to, such as in the course of the UK Government's Planning and Infrastructure Bill. Our reports on environmental law, and environmental progress provide in-depth, substantive assessments of what is working and what can be improved. They contribute to effective scrutiny in Parliament, the Assembly and beyond, and we see areas where our recommendations are enacted, improving how environmental law is implemented.

The extent of the challenge to significantly improve the environment in England and Northern Ireland is however hard to underestimate. We continue to find progress towards the outcomes government wants and committed to in law to be off track, and actions not being taken at the pace and scale needed to change course. Well intentioned, and broadly well designed environmental law is not matched with sufficiently determined, consistent application to delivery, and this lack of effective implementation inhibits outcomes being achieved.

We have made good progress in improving our organisation and how we work to contribute all we can in this context, including in how we gather evidence, how we manage information, and in how we engage with others. We can do our best work when those we oversee are transparent and co-operative as we expect, so we are fully up to date in our assessments, can commend where this is due and encourage more of what works to deliver better environment outcomes.

We do this as our resources tighten, and we pass the likely peak of the real value of our funding with a three year settlement at the current level of our resourcing confirmed in England. We do so also as Dame Glenys Stacey's term, who led our board exceptionally in its foundational years, came to an end, along with the first of our founding board members. They leave us established and contributing. We are grateful for their contribution.

At the OEP we continue to have determined and high ambitions for what we can achieve for environmental protection and improvement. I look forward to the continued close engagement of our talented staff and the wide range of stakeholders who contribute to our mission, and to the difference we will continue to make.

A handwritten signature in black ink, appearing to read 'N. Prosser', written in a cursive style.

Natalie Prosser
Chief Executive

About the Office for Environmental Protection

Who we are

The Office for Environmental Protection (OEP) was established by the Environment Act 2021. We are a public body with powers to advise ministers and government departments and to hold them and other public authorities to account against their environmental responsibilities and the law. Our independence is protected in law.

Our principal objective is to contribute to environmental protection and the improvement of the natural environment. Our work covers England and Northern Ireland, as well as UK-wide environmental matters where reserved to Parliament.

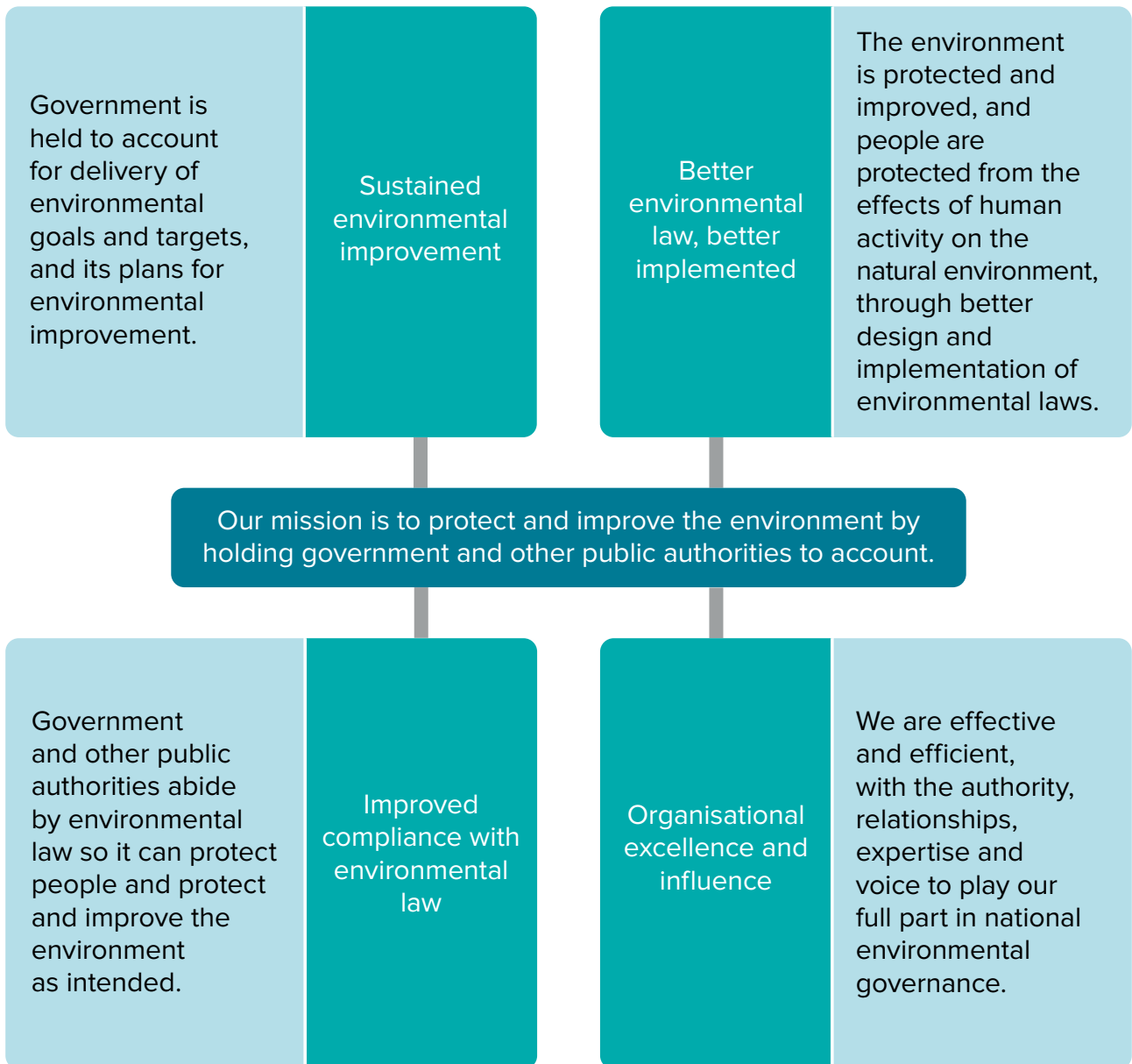
Our strategy and approach

Our mission

Our mission is to protect and improve the environment by holding government and other public authorities to account.

Our strategic objectives explain the contribution we make to environmental protection and improvement.

We aim to be excellent and have influence, so we can play our full part: to hold government to account for its long-term goals and targets for the environment, contribute to better environmental law, which is better implemented, and improve compliance with environmental law by public authorities. In doing so, we contribute to environmental protection and to improvement in the natural environment which can be sustained.



To deliver our strategic objectives and mission, we take an issue-based approach to our work. This means we:

1. gather information and evidence relevant to our work to identify issues which might be addressed or improved through our activities.
2. take active decisions about whether and how we respond to the issues we identify.
3. take action in the way we consider will achieve the most for environmental protection and improvement.

In this way, we seek to ensure that our work is purposeful, proportionate, and effective and enables us to make the most difference we can.

We have a number of specific functions which contribute to our mission and objectives, within this issue-based approach.

We gather information and evidence relevant to our role



Receive complaints

We receive complaints about potential failures to comply with environmental law by public authorities.



Monitor environmental states and trends

We monitor progress in improving the environment towards EIP goals and targets.



Monitor environmental law

We monitor the implementation of environmental law.

We take action in the way we consider will achieve the most to our mission



Report on environmental progress

We report on progress towards delivering environmental improvement plans, goals, and targets.



Report on environmental law

We report on the implementation of environmental law.



Advice

We advise government on proposed changes to environmental law, and matters related to the natural environment.



Enforcement

We investigate suspected serious failures to comply with environmental law by public authorities and enforce compliance where needed.

[Our strategy](#) explains more about how we work. It explains how we prioritise to make the most difference we can, the approach we take within each of our main functions, how we work with our equivalent and other public bodies in all the nations of the United Kingdom, and how we engage with a wide range of stakeholders to fulfil our role. It also sets out our enforcement policy.

Our independent role in context

The OEP was established as part of a new approach to national environmental governance in England and Northern Ireland, after the UK's exit from the European Union.

The cornerstones of this system are: Environmental Improvement Plans (EIPs) in which governments must set the steps they will take to significantly improve the natural environment; in England, long-term statutory targets to be achieved; a requirement for ministers to take the environment into account in making policy through an Environmental Principles Policy Statement, and; the OEP.

We are funded by the Department for Environment, Food and Rural Affairs (Defra) in

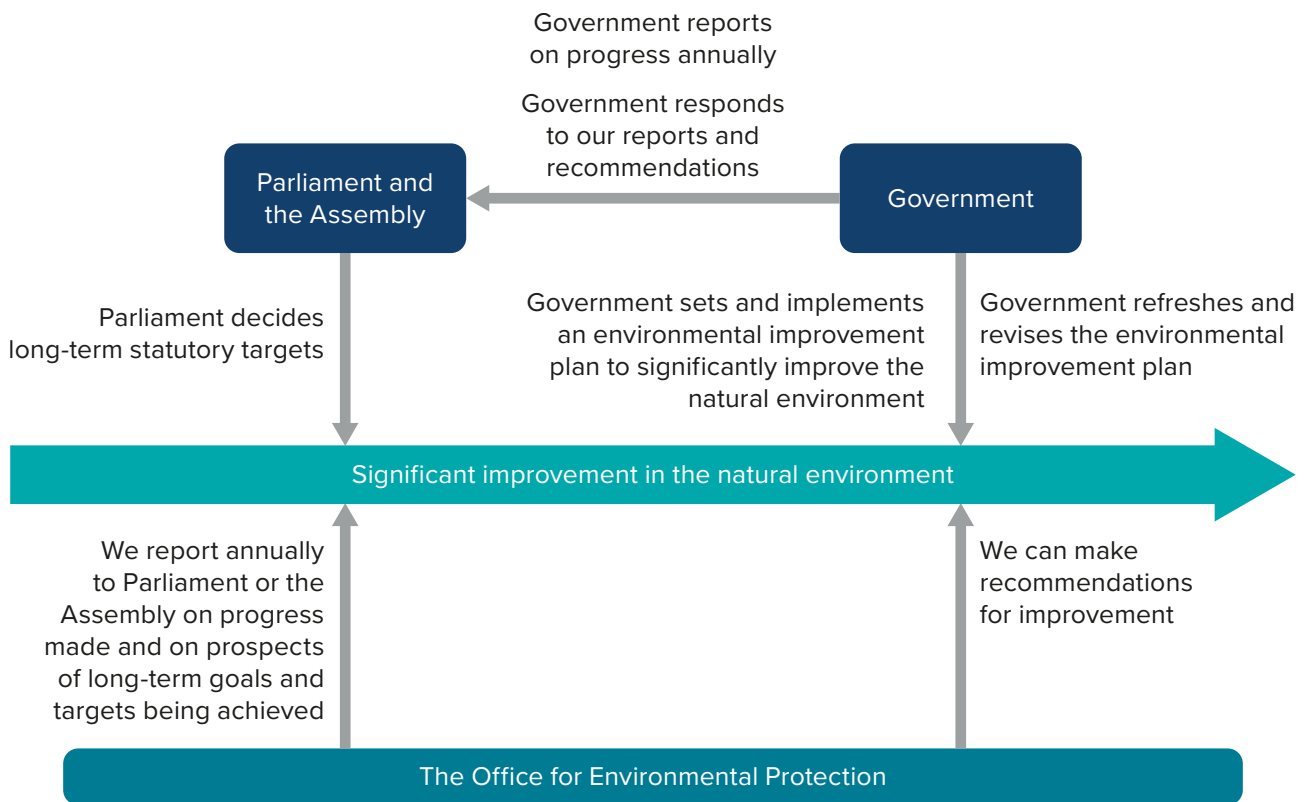
England and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland, who oversee our use of public money. Defra and DAERA ministers are accountable in Parliament and the Northern Ireland Assembly for this, along with our work.

Our independence is protected in law. We pursue our objectives and implement our functions objectively and impartially, separately from government. Our judgements are our own.

Our role in relation to EIPs and statutory targets

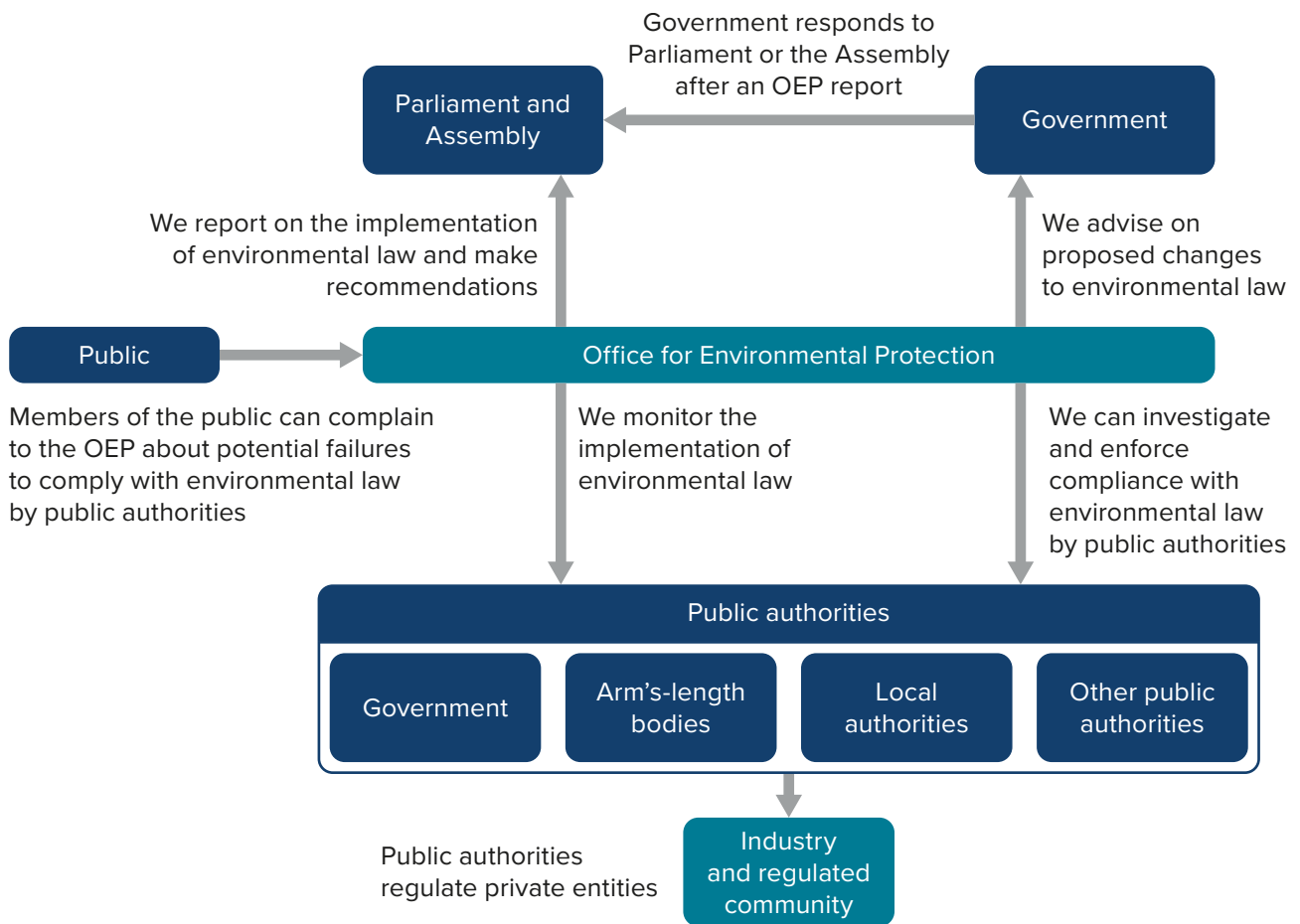
The Environment Act 2021 creates a series of statutory relationships between us, Parliament and the Assembly, Government, public authorities and the public.

The Act requires government to prepare a long-term plan to significantly improve the natural environment, and in England to set related statutory targets. We monitor and report annually to Parliament in this regard – to hold government to account for environmental improvement in the long-term, and across political cycles. Government must respond to Parliament on our report, and any recommendations we make.



Our role in relation to environmental law

We have a range of functions in respect of environmental law. We can advise government when it proposes to change the law. We can report to Parliament or the Assembly on the implementation of environmental law, and how it might be improved. We monitor the implementation of environmental law, and can investigate and enforce compliance with environmental law by public authorities. The public can complain to the OEP about potential failures to comply with environmental law by public authorities.



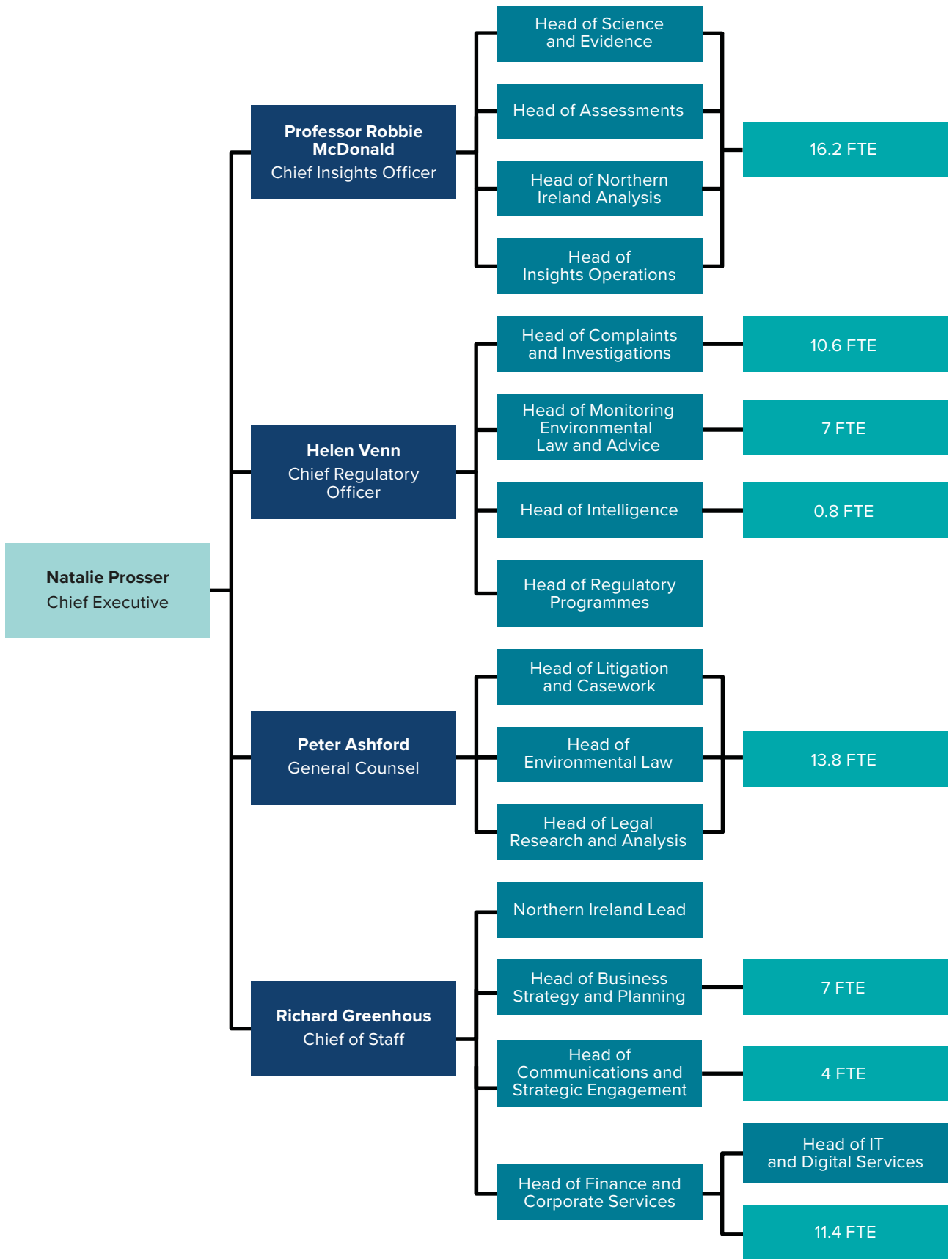
Our organisation

Our board is the legal authority of the OEP. Information about the role and members of our board is set out in the Accountability Report below.

Our Chief Executive is our senior executive and Accounting Officer. We have four directorates, each led by an Executive Director

- Our Chief Insights Officer is our chief scientist. They lead teams responsible for technical and scientific analysis, research and evidence, and the preparation of our reports monitoring progress in delivering the EIPs and targets.
- Our Chief Regulatory Officer leads teams responsible for the management of complaints we receive and investigations we pursue, our monitoring of the implementation of environmental law and our management of intelligence.
- Our General Counsel leads teams responsible for legal advice, analysis, research and evidence, and our enforcement activities in court.
- Our Chief of Staff leads teams responsible for our corporate and enabling services, including our relations with stakeholders. They are also the senior executive responsible for our work in Northern Ireland.

OEP organisational structure at 31 March 2026



You can find more information about our staff and those we employ in the remuneration and staff report section.

Beyond our employed staff, we work with a wide range of experts outside the OEP to support our work in specific areas of the environment, or to consider specific issues in environmental law. This includes engagement with those with a role to play in the protection and improvement of the environment in public authorities, businesses, the scientific community, academia and the voluntary sector.

We also work with researchers, scientists, professional bodies, consultancies and others with specific expertise to generate evidence to underpin our analysis.

Performance summary

This report covers the year ended 31 March 2026.

Detailed information of how our work protects and improves the environment is set out in the performance report.

This is a year where much has been delivered. We have provided advice and evidence to Government and Parliament, reported on how environmental law can be better implemented, worked with public authorities to remedy non-compliance with environmental law, and in England assessed how government's delivery as a whole stacks up against the outcomes it is trying to achieve.

Our year in numbers in England and Northern Ireland:



In the section on **sustained environmental improvement**, we explain how we have assessed the progress government has made in England, and how our work and recommendations have improved the foundations for the framework of environmental governance in England and Northern Ireland, and how we have grown the evidence base which supports our work.

During the year, the UK Government refreshed its long-term strategic plan to significantly improve the environment in England – the Environmental Improvement Plan. We published a rapid assessment of this revised plan, and found it a strengthened plan, providing better foundations to deliver the significant environmental improvement that the law requires and reflecting many aspects of the advice we had given, and the recommendations in our previous reports.

A plan helps deliver outcomes in so far as it is well implemented. We published our fourth annual progress report to Parliament in England, covering the period to March 2025, and so before the revised EIP was prepared. We found government remains off track to meet the outcome it wants, and the actions it decides now will determine whether or not key outcomes for nature set out in legally binding targets will be met.

In Northern Ireland, we laid good foundations for our first report on progress towards the outcomes the Northern Ireland Executive has decided in its EIP. This includes through our contribution to support DAERA monitor its progress well, as set out in its progress report. We published our first report in June 2026.

Better environmental law, which is better implemented, is a key way in which the environment can be effectively protected, and improvement can be sustained. In the section on this objective, we set out how we have increased the advice and evidence we have provided to governments, Parliament or the Assembly on areas of policy and law being considered. This includes statutory advice in relation to the Planning and Infrastructure Bill in England, which was extensively used by Parliamentarians in their scrutiny and consideration of the law. Our advice on the Nutrient Action Programme Regulations in Northern Ireland was similarly welcomed by the Minister. We published four reports examining the implementation of environmental law covering issues relating to protected wildlife sites, environmental inspection regimes and Local Nature Recovery Strategies.

Environmental laws can only deliver the outcomes for the environment intended if they are complied with. Where we identify potential serious failures to comply, we aim to **improve compliance with environmental law** by public authorities as quickly as possible: what matters is the outcome, and the steps public authorities take where improvement is needed. We closed two investigations in year, after public authorities took material steps to remedy issues of compliance identified in our investigations, whilst they were underway. We published five examples where outcomes have been secured, by public authorities taking appropriate steps, before an investigation was initiated.

We aim for the **organisational excellence and influence** that will support us to achieve these objectives. Our intelligence team won the innovation in practice award at the Institute of Regulation awards. We refreshed our people strategy and sustained outstanding people survey results.

Through this report, and each of our objectives we provide information on our work in Northern Ireland. We provide information about risks to our objectives in the governance statement below.

Financial performance and funding

In this section, we outline our financial performance for 2025/26 and compare it with the previous year.

The 2025/26 financial year marked our second consecutive year of flat cash funding and an important milestone, as it was the first year in which we fully utilised our delegated budget to deliver our statutory functions and strategic objectives. This reflects our strengthened approach to prioritisation and financial management.

Our RDEL funding increased marginally by 0.54%, rising from £10.709m in 2024/25 to £10.767m in 2025/26 (including depreciation), following Defra's confirmation of £0.058m in year pay remit funding in December 2025, which helped mitigate year-end overspend risk. Our Northern Ireland allocation remained static at £1.900m.

We remain focused on securing value for money and ensuring the efficient use of our resources. Key actions include strengthening commercial negotiations, implementing a forward-looking multi-year budgeting approach to better anticipate and manage medium-term risks, and investing selectively in technology and operational improvements. Collectively, these measures enhance our ability to deploy resources effectively and support long-term financial resilience.

Looking ahead, rising cost pressures and inflation are expected to erode our spending power in real terms, particularly in the context of the indicative three-year flat cash settlement in England. We expect this to mean we are a smaller organisation in future than we are today. We have already recorded a reduction in research and evidence expenditure; and anticipate this trend may continue. We also anticipate our headcount may have passed its peak, unless we secure additional funding.

Expenditure

Our total expenditure (revenue and capital) increased slightly from £10.661m to £10.720m year on year. We did not seek capital funding during the year but incurred £0.021m of capital expenditure on IT equipment in 2025/26 (2024/25: £0.172m), reflecting the natural tapering of one-off establishment costs as the organisation's core functions and infrastructure reached maturity.

We delivered a second consecutive year of strong budget management, with underspend held below **0.50%** in both periods (**0.43% or £0.046m in FY25/26** and **0.45% or £0.048m in FY24/25**). This sustained improvement demonstrates the effectiveness of our financial controls and the maturity of our budgeting and forecasting processes, and disciplined resource allocation aligned to our mission.

Our total comprehensive net RDEL expenditure increased to £10.700m for the full year of 2025/26. This is 2% higher than the £10.489m incurred in the previous financial year (2024/25).

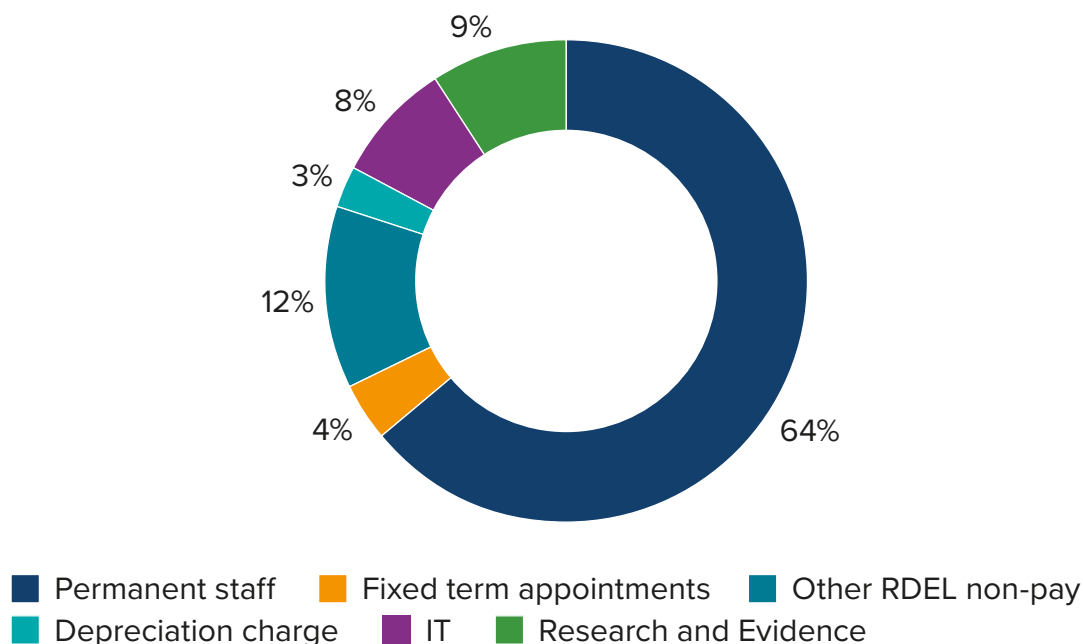
Staff-related expenditure accounted for 68% or £7.279m of total RDEL spend up from 59% (£6.261m) in the previous year. The 9% increase reflects the impact of the 3.31% pay award (applied for nine months of the year, equivalent to a 2.48% annualised pay uplift) and a modest increase in FTEs, including incoming secondees. Agency staff and non-executive Directors' fees represented 1% or £0.117m of our RDEL expenditure; lower than the 2% (£0.180m) spent in 2024/25. Combined, total staff-related expenditure amounted to £7.396m (£6.441m 2024/25). Further details of our expenditure on staff costs are provided in the remuneration and staff report and in Note 2.

The remaining £3.304m or 31% of total RDEL expenditure (39% and £4.049m 2024/25) related to services provided by third party providers, research and professional costs essential to delivering our objectives.

The largest category of third-party expenditure relates to expenditure on research and evidence for our functions (reported within consultancy costs in 2024/25). Spend in this area decreased by 37% from £1.625m in 2024/25 to £1.017m in 2025/26, reflecting the impact of a second year of flat cash funding and the need to prioritise our most critical work.

RDEL expenditure was more evenly phased across the year, demonstrating improvements in financial planning. In 2025/26, 24% of spend occurred in the first quarter (19% in 2024/25), while fourth quarter spend reduced to 27% (35% in 2024/25), resulting in a more balanced in-year profile.

2025/26 Total Comprehensive Net Expenditure by spend category (RDEL)



Non-current assets

We incurred capital expenditure of £0.021m (£0.172m in 2024/25) relating to non-current assets. The expenditure in 2025/26 relates to IT equipment. As expected, our capital expenditure reduced significantly following the initial set-up phase (in 2022/23 and 2023/24).

Funding

We receive our resources from Defra in England, and DAERA in Northern Ireland who in turn receive their funding within the budgetary planning processes operated across government in each jurisdiction. In England, the Spending Review process in 2025 set resource and capital budgets for three financial years from 2025/26.

In Northern Ireland, our funding needs are considered by DAERA on an annual basis.

In the financial year ended 31 March 2026, Defra and DAERA together made Grant-in-Aid of £10.767m available towards resource expenditure (RDEL) for the period including £0.058m in-year funding and depreciation. £1.900m is recharged to DAERA. We did not seek capital funding in 2025/26.

As illustrated in the Table below, we reported an underspend of 0.43% or £0.046m at the end of the financial year. This compares to 0.45% or £0.048m in 2024/25.

The improved financial outturn position in 2025/26 reflects our growing maturity and confidence in financial management as well as greater stability in our staff resourcing and experience.

| | 2024/25 Outturn £ | Approved 2025/26 Budget £ | 2025/26 Actuals £ | 2025/26 (Over)/Under spend £ | Total (Over)/ Under Variance % |
|--------------|-------------------------|------------------------------------|-------------------------|---------------------------------------|---|
| RDEL Pay | 6,441,026 | 7,198,969 | 7,396,204 | (197,235) | (2.74%) |
| RDEL Non-Pay | 3,775,534 | 3,263,642 | 3,000,717 | 262,925 | 8.06% |
| Total | 10,216,560 | 10,462,611 | 10,396,921 | 65,690 | 0.63% |
| Depreciation | 273,094 | 304,389 | 303,280 | 1,109 | 0.36% |
| CDEL Capital | 171,567 | – | 20,723 | (20,723) | – |
| Total | 10,661,221 | 10,767,000 | 10,720,924 | 46,076 | 0.43% |

Our funding sufficiency for 2025/26 and future financial years is considered in the 'Assessment of sufficiency of funding' section of this report.

Going concern

The OEP was established by Parliament under the Environment Act 2021 to undertake statutory functions. In line with HM Treasury's Financial Reporting Guidance, the information presented in these financial statements is based on the assumption that the OEP will continue to provide existing services in the future, with no changes to our role or through legislation currently expected.

In common with other non-departmental public bodies across government, the OEP's future funding is to be met by Grant-in-Aid. A proportion of this Grant-in-Aid is recharged by Defra to DAERA to fund our Northern Ireland functions. Approval of Grant-in-Aid for 2026/27 has already been given.

We have received funding confirmation from Defra for 2026/27 and the following two years with an annual flat cash settlement of £8.541m (plus £0.302m depreciation charge in 2026/27) for all three years. We have received funding confirmation from DAERA for 2026/27 with an annual flat cash settlement of £1.900m.

Based on the above information it has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements. We make this judgement in the context of our assessment of sufficiency of funding, set out below.

Assessment of sufficiency of funding

The Environment Act 2021 requires the OEP to make an assessment each year of whether the Secretary of State and DAERA have provided resources which are reasonably sufficient for us to carry out our functions in the period covered by the financial statements. This provision is intended to ensure that it is transparent whether or not sufficient resources were made available to the OEP.

Financial year 2025/26

We received the same level of Grant-in-aid from DAERA for our Northern Ireland functions as in 2024/25. In England, the Secretary of State also maintained our Grant-in-aid at the same level as the previous two years. An additional £0.058m in year funding was provided in December 2025 to help mitigate emerging overspend pressures. We utilised our resources fully, spending 99.6% of the resources we were provided.

Overall, the resources provided in 2025/26 were reasonably sufficient to carry out our functions. The resources enabled us to undertake enough work through our functions on sufficient of the priority areas we identified. As a result, the resources provided allowed us to contribute meaningfully to environmental protection and improvement in the natural environment in each jurisdiction, in the ways set out elsewhere in this report.

The resources were however not sufficient to carry out our functions to the scale and scope Parliament and the Assembly intended in establishing the OEP. This reduced the contribution we were able to make to environmental protection and improvement. In particular, this meant that our work was limited to the highest priority issues and we did not undertake work on further issues we identified as important.

We have set out the implication of this and our prioritisation decisions in our Corporate Plan. Beyond our annual progress assessment, our detailed scrutiny was largely restricted to two of the ten goal areas of the EIP for England, and in Northern Ireland to one issue covered by two of the six strategic outcomes of the EIP for Northern Ireland. During the year we made further adjustments to our plan, in light of resource availability. This included slowing and stopping a small number of projects during the year, to ensure delivery within the resources provided.

The funding outlook

The Secretary of State has confirmed funding for the three years of this spending review period – 2026/27 to 2028/29 – at the same cash level as we received this year, and last. This means our funding is planned to remain the same in England for five years from 2024/25.

DAERA confirmed the funding we will receive for 2026/27 in Northern Ireland in June 2026, at the same level as we received this year, and last. The Northern Ireland Executive agreed its first EIP in September 2024 engaging our statutory duty to report on progress against this EIP annually, starting in 2026/27. We have not received additional funding in relation to this new and required activity as we have sought. This has a material effect on the work we can do in Northern Ireland. Delayed confirmation of funding has also limited our ability to progress work at the pace we intend.

Given this funding context in each jurisdiction, we expect the gap to grow between the resources provided, and the resources needed for a fully established OEP. This arises from the impact of inflation, and the changes to the work we must do in Northern Ireland. We expect our active efforts to improve efficiency to mitigate, but not close this gap.

As a result we expect in future not to be able to carry out our functions to the level, or breadth we have this year. We anticipate operating as a smaller organisation in future, doing less work on the highest priority matters we identify. This may mean we are unable to scrutinise adequately issues we judge to be the highest priority, or consider high priority, including potential serious failures to comply with environmental law. This will arise sooner in Northern Ireland than England.

We therefore do not expect to be sufficiently funded to carry out our functions in either Northern Ireland or England by 2028/29, and may not be sufficiently funded in Northern Ireland in 2026/27.

Performance analysis

This report outlines our performance against our strategic objectives for the year 2025/26, our third full year of operation.

It is structured in accordance with these objectives and includes performance information and measures relevant to our work, to provide context to our performance. We comment on performance trends where meaningful comparison can be made.

We continue to develop additional performance information and metrics, along with a broader range of evaluation activities to support assessment of our performance, in line with the approach we set out in our revised strategy in 2024. We have included this performance information where it is available. We will report in accordance with this revised performance framework in future years, once all indicators have been fully developed.

Sustained environmental improvement

Government is held to account for delivery of environmental goals and targets, and its plans for environmental improvement.

What success looks like:

- Our annual reports will be recognised as definitive assessments of progress by Parliament, the Assembly and others
- Environmental trends related to EIP goals and targets will improve
- The prospects of achieving EIP goals and targets will increase

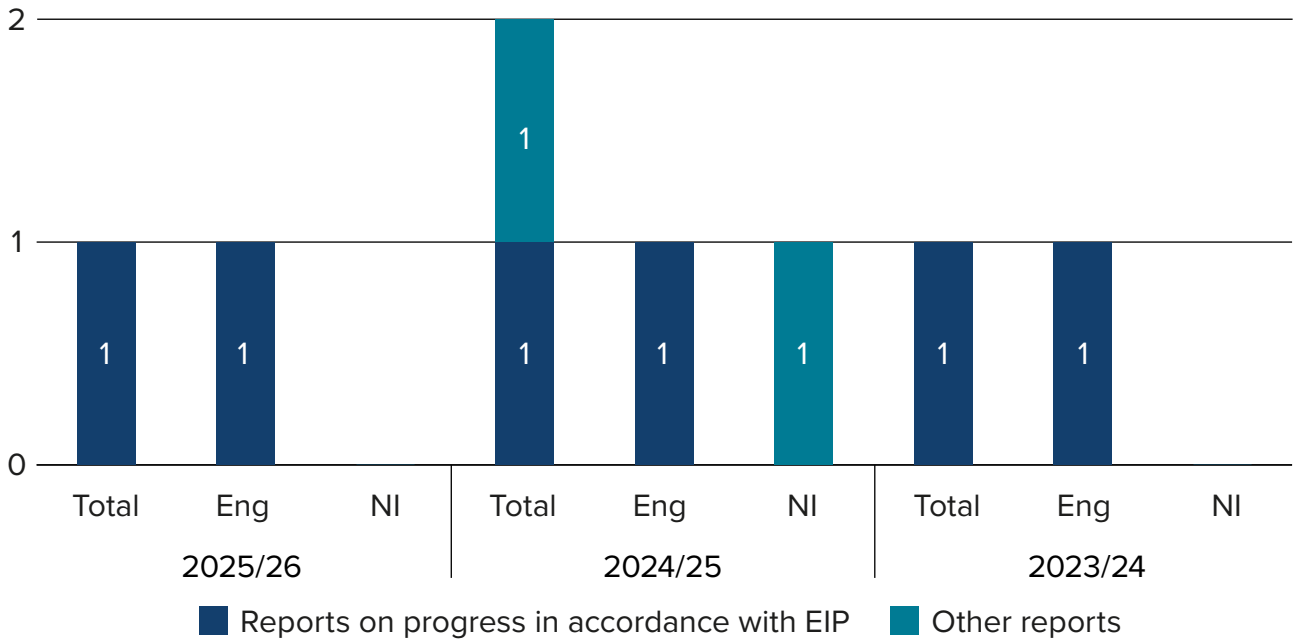
The Environment Act 2021 set out a system of national environmental governance to deliver a significant improvement in the natural environment in England and Northern Ireland. Within this, one of our key roles is to monitor and report annually on progress being made in accordance with the EIPs for England and Northern Ireland, and towards long-term targets in England.

Highlights

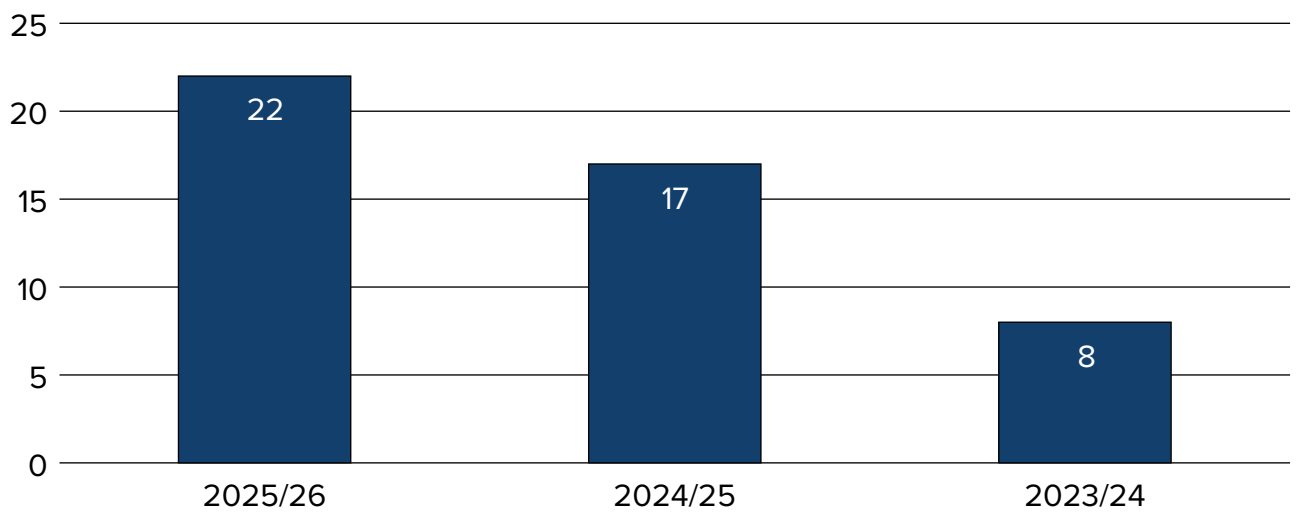
- Our [fourth annual report on progress](#) in improving the natural environment in England.
- Increased use of our report in Parliament's scrutiny of Ministers and departmental achievements
- A rapid initial assessment of the UK Government's refreshed EIP to support scrutiny of this new national plan for a significant improvement in the environment.
- Publication of more evidence which underpins our work, so that it can be used by others, and we can be held accountable for our judgments.

Information and measures:

| Reports assessing progress towards EIPs and targets | 2025/26 | 2024/25 | 2023/24 |
|--|---------|---------|---------|
| England | 1 | 1 | 1 |
| Northern Ireland | n/a | n/a | n/a |
| Other reports in relation to the natural environment | | | |
| England | 0 | 0 | 0 |
| Northern Ireland | 0 | 1 | 0 |



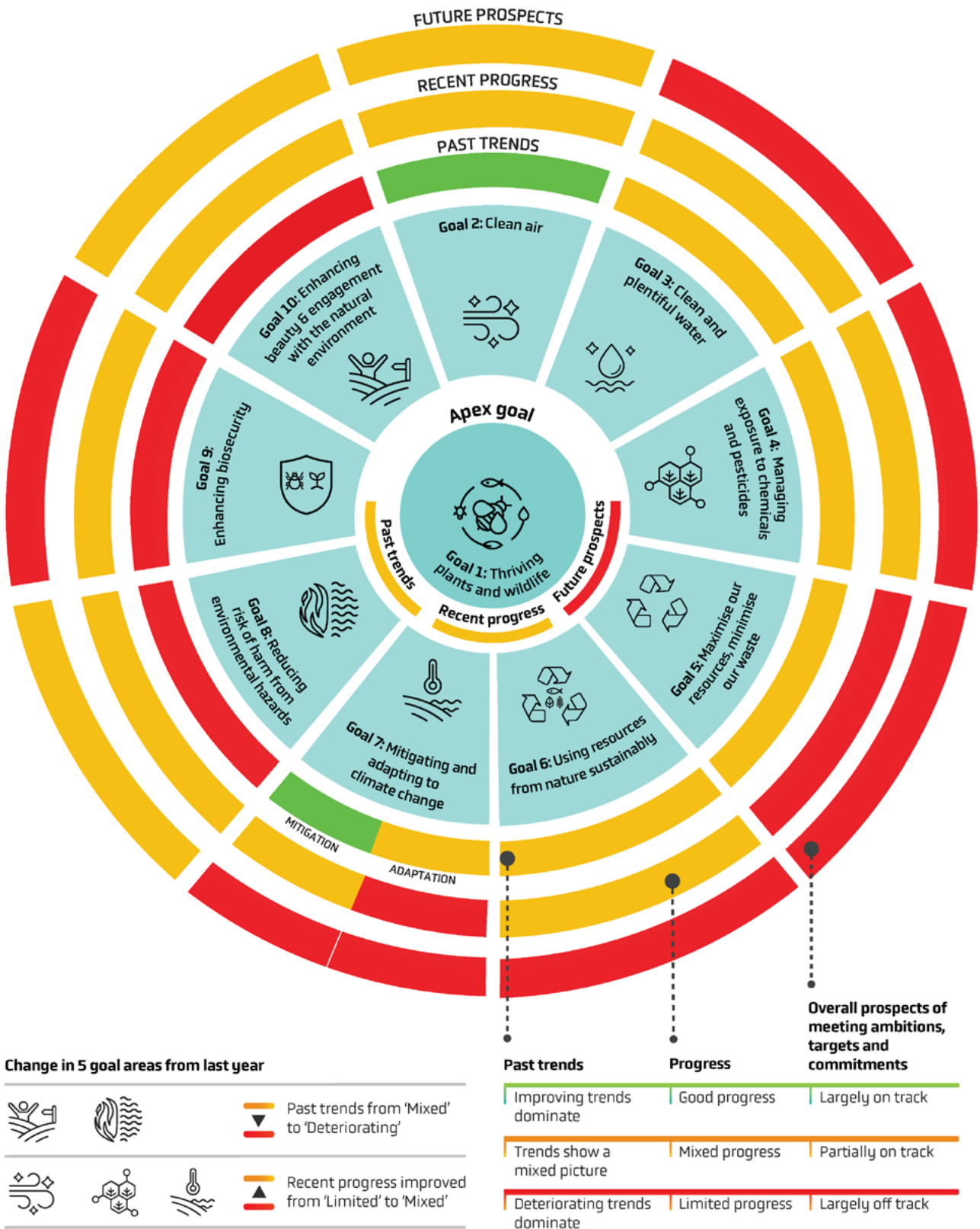
| | 2025/26 | 2024/25 | 2023/24 |
|----------------------------|---------|---------|---------|
| Evidence reports published | 22 | 17 | 8 |



The UK Government published a refreshed EIP in December 2025 – EIP25. It sets out that a thriving nation needs a thriving environment because restored and recovered nature underpins economic growth, strengthens national resilience, and supports people’s wellbeing. We hold government to account for its progress towards these outcomes by independently assessing the progress being made, and identifying what can be done to improve.

In January 2026, in England, we published our [fourth annual report of progress](#) on time. This assessed progress made towards achieving environmental goals and targets up to March 2025. We concluded that more progress had been seen in the year, which is welcome. But we found this was not the step change needed for government to achieve the outcomes it is aiming for: government remains off track to meet its environmental ambitions and legal targets. Its actions now in implementing its new EIP will determine whether or not key targets for biodiversity and the protection of land and sea by 2030 will be met. We made eight key recommendations, and the priorities we see for how delivery needs to speed up and scale up.

Figure 1: Our summary assessment of past trends, progress for the year 2024/2025 and overall prospects of meeting ambition across the 10 goals of the EIP23



Our report is an independent assessment to Parliament of the progress government has made. We gave evidence to the Environmental Audit Committee (EAC) of the House of Commons, and the Environment and Climate Change Committee of the House of Lords. The Minister for Nature and the chair of the EAC attended our launch event. Our report was referenced more than 40 times when the Secretary of State gave evidence to the EAC to account for the department's performance, indicating the role our report plays to support accountability for achieving the outcomes Government aspires to.

Statement of Toby Perkins MP, Chair of the Environmental Audit Committee

The OEP is right: their excellent and detailed report reveals that nature is no blocker to economic growth, but rather it is essential to economic prosperity and environmental sustainability.

Our report is reliable and comprehensive. But our scrutiny of progress was hampered by a lack of detailed government plans to deliver ambitions and targets, either in the previous EIP or made available to us in response to the requests for information and co-operation. This co-operation in providing information was a key strategic risk for us throughout the year, as we set out in the risk section below.

In the previous year, we had advised Government on the priorities for the refreshed EIP it was developing in the year. We had previously made recommendations for how the EIP could be improved to fulfil its intended role as the national strategic plan towards environmental improvement, including when setting out our view of the attributes of an effective EIP in January 2025.

To support public understanding of government's new plan, we published an interim and early assessment of EIP25, a month after it was published by Government. We were pleased to see an improved plan, providing better foundations to deliver environmental improvement if well implemented, and which took on board many aspects of our advice. We will scrutinise the plan further, and assess how well it is being implemented, in future years.

Spotlight on our advice on the review of the Environmental Improvement Plan in England

Shortly after the UK general election in July 2024, the Secretary of State announced a review of the EIP then in place to turn the page on nature recovery and provide the foundations for delivering the targets set under the Environment Act.

In our progress reports we had found that government was largely off track to meet environmental ambitions, and that the EIP was not all it should be as the central strategic plan to achieve significant environmental improvement.

In September 2024, we provided government with advice on how the EIP might be improved. We drew on analysis and recommendations already provided through our EIP progress reports and other work to identify five priority actions that would have the most impact across EIP goal areas and targets. We emphasised that greater scale and pace was needed with respect to each. We also identified three priority cross-cutting areas that would enable improved progress and secure effective implementation of the EIP.

We can see in the refreshed EIP published in December 2025 that much of the advice we provided has been taken on board. It is a clear improvement on its predecessor as a plan to significantly improve the environment. It contains delivery plans for the Environment Act targets, details how actions are linked to targets and commitments and sets out who is responsible for delivery. It provides a clearer overview of the relationships between goal areas and actions by identifying key links. A monitoring annex assesses the contribution of each commitment to delivering outcomes. This enables improved understanding of how plans are intended to stack up to achieve outcomes, making the outcomes more likely to be achieved.

As government intended, the refreshed EIP provides a better foundation for delivering the outcomes of the EIP and the related legally binding targets. Our advice and the recommendations of our progress reports have supported those better foundations. But it is only in the implementation of the plan and delivery on the ground that outcomes will be achieved. We will monitor and report on progress in that implementation, in future years.

Northern Ireland adopted its EIP in September 2024, 15 months after it was required by law. DAERA produced its first annual progress report in January 2026, and we published our first independent report on progress to the Assembly in June 2026.

This cycle of government reporting on progress, and our independent assessment and recommendations for how improvements can be made is a core feature of the Environment Act. We were pleased in England that government has committed to respond to our recommendations sooner, alongside its report. This will enable us to take this into account in our assessment, and improve public understanding. We were also pleased to have had constructive discussions with DAERA on the nature of its progress report, drawing on lessons we have in England. DAERA's progress report provides a basis for effective and efficient scrutiny, in future.

Spotlight on our engagement with DAERA to develop an effective annual progress report

Each year governments in England and Northern Ireland must report on progress in improving the natural environment, in accordance with their Environmental Improvement Plan. We report independently to Parliament drawing on this report, and other appropriate information.

In our progress reports for England we have highlighted that government's progress reports to date have only provided a partial overview of actions and plans rather than an assessment of progress. This requires us to independently identify activities undertaken within the reporting year to enable a robust assessment of progress. In our 2022/2023 progress report we set out seven attributes of an informative annual progress report from government with the aim of improving this reporting.

Northern Ireland's first EIP was published in September 2024, requiring DAERA to publish its first progress report in January 2026. We wanted to ensure that DAERA's progress report was comprehensive and informative to provide a robust basis for assessing progress.

We engaged early and regularly with DAERA to discuss the development of its progress report and the supporting outcome indicator framework. We drew on our experience in England, the attributes we identified for an informative progress report, and sought to support their efforts. We emphasised how a good report would enable more effective and efficient assessment of progress by both DAERA and the OEP. We recognised the challenges of producing a first progress report and emphasised that it should be seen as a process that would improve over the timeframe of the EIP.

DAERA published their first progress report in January 2026. It shows evidence of some of the seven attributes we set out and our discussions on APR development. We welcomed its publication as a significant contribution to scrutiny and accountability. The report sets out what the Northern Ireland Executive has been doing for the environment and is candid about delays and future plans. While there is room for improvement, it provides a useful basis for our own progress assessment and should reduce the resources needed in Northern Ireland compared to England.

Our scrutiny of environmental progress is enabled by evaluation, evidence gathering and research activities undertaken by our own staff and through working with a wide range of experts in environmental science, law and practice. This year, we published 22 reports on our website, compared with 17 in the prior year. We are committed to publishing these so that the evidence we consider is available to government, and other stakeholders to inform their work, and to enable others to hold us to account for our judgments. This increase came despite a reduction of 37% of expenditure on research and evidence in year, reflecting the publication of some work completed in prior years. We do not expect the increasing number of these reports to continue.

We did not deliver all we intended in this area during the year. The published reports included five considering different aspects of what is needed to achieve Good Environmental Status in the marine environment, the key barometer of whether our seas are thriving as government intends. We had intended to produce a synthesis to draw this and other evidence together, but decided we could contribute more to environmental protection and improvement by producing focussed reports assessing the implementation of different aspects of environmental law covered within them in future years.

We also made less progress in improving our approach to assessing the prospects of future targets being achieved than we intended. This reflected the impact of work necessary in preparation of our first report on progress in Northern Ireland, which began in year and required more of this specialist expert staff's time than we had anticipated.

Better environmental law, better implemented

The environment is protected and improved, and people are protected from the effects of human activity on that natural environment, through better design and implementation of environmental laws

What success looks like:

- There will be improvements to the design of environmental law as a result of our scrutiny and advice
- Public authorities will act to improve the implementation of environmental law, where we identify weaknesses or opportunities to do so.

- Significant risks to environmental protection and improvement identified in our work will be recognised by Parliament and the Assembly when making law.

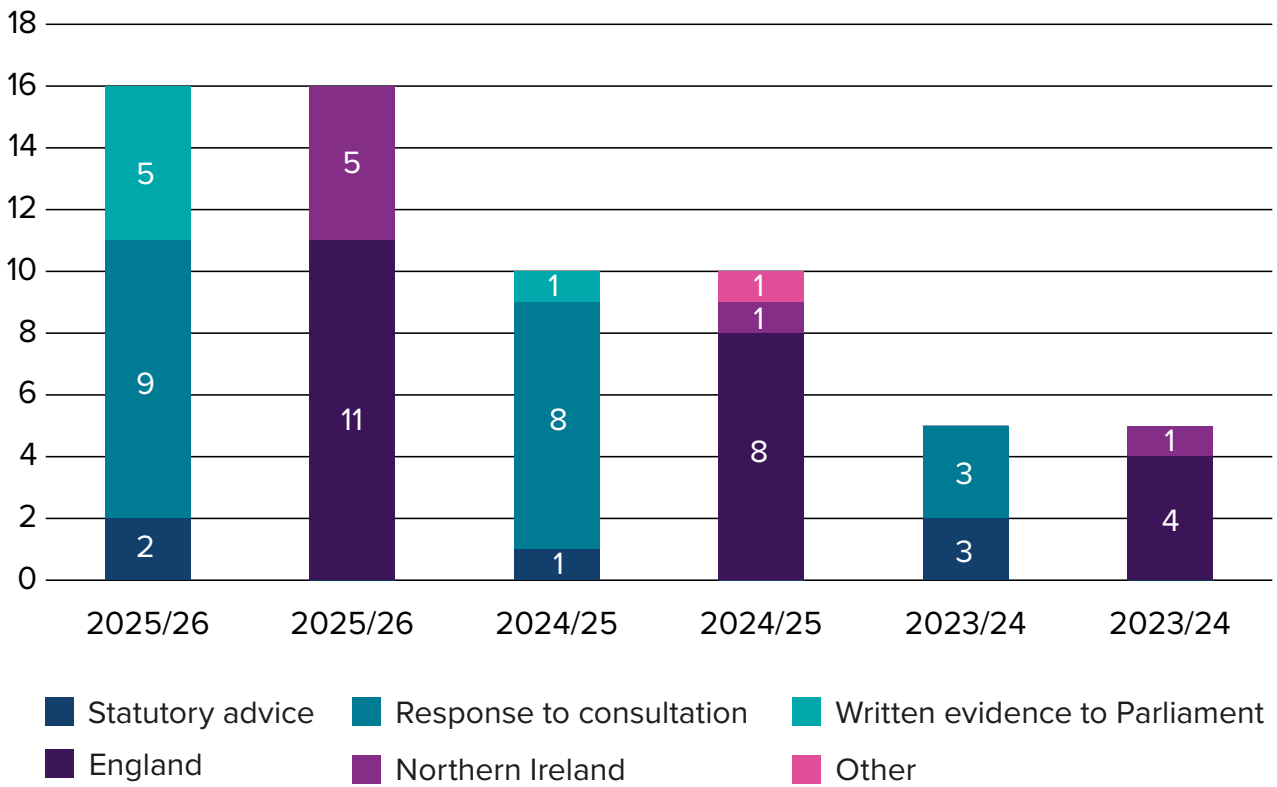
We work towards better environmental law which is better implemented by providing advice and evidence to government, Parliament and the Assembly as they consider changes to the law, by monitoring and reporting to Parliament and the Assembly on how well environmental law is implemented in practice, and by seeking clarity in the law where lack of clarity may have an impact on the effective implementation of the law.

Highlights

- Publication of our report on how effectively Local Nature Recovery Strategies are contributing to nature’s recovery locally in England, and on how well space for nature is being protected through protected sites in England and Northern Ireland.
- The implementation of a number of the recommendations made in our report examining the early implementation of the Environmental Principles Policy Statement in England, including steps to embed this key governance mechanism across government.
- Our advice to the UK Government on its proposals for reform to how the environment is considered in the planning system, Parliament’s consideration of this advice, and the amended proposals the government made in light of our, Parliament’s and other scrutiny.
- Publication of our report on inspection regimes undertaken under environmental law
- Increased contribution to scrutiny of environmental law through evidence to Parliament, response to consultation and similar advisory activities.

Information and measures:

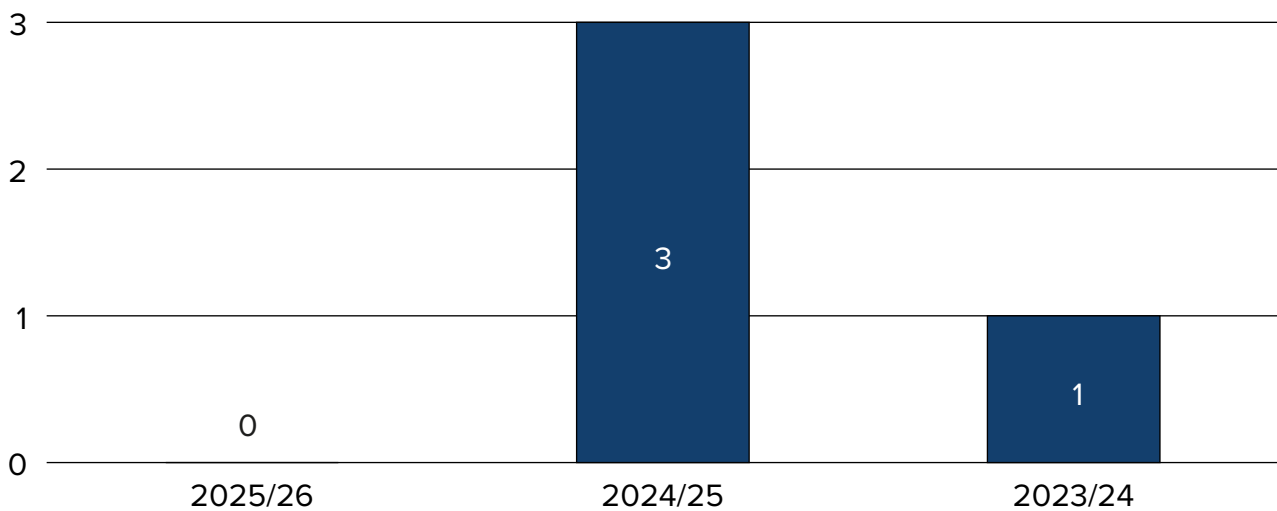
| Advisory activities | 2025/26 | 2024/25 | 2023/24 |
|---------------------------------|----------------|----------------|----------------|
| Number of advisory activities | 16 | 10 | 5 |
| Type of activity | | | |
| Statutory advice | 2 | 1 | 2 |
| Response to consultation | 9 | 8 | 3 |
| Written evidence to Parliament | 5 | 1 | 0 |
| Jurisdiction of activity | | | |
| England | 11 | 8 | 4 |
| Northern Ireland | 5 | 1 | 1 |
| Other | 0 | 1 | 0 |



| Environmental law reports | 2025/26 | 2024/25 | 2023/24 |
|--|---------|---------|---------|
| Environmental law reports – England | 3 | 3 | 1 |
| Environmental law reports – Northern Ireland | 1 | 2 | 0 |



| | 2025/26 | 2024/25 | 2023/24 |
|--|---------|---------|---------|
| Interventions in proceedings brought by others | – | 3 | 1 |



Our strategy sets out how we prioritise, and how we work in an issue-based way to identify instances where our specific contribution can be meaningful to environmental outcomes. That includes providing evidence and recommendations to Government, Parliament or the Assembly for important issues in environmental law where our contribution can make a positive difference. We did this for a broader range of matters this year, continuing a trend from the previous year. This increase reflects our maturity, where we apply the growing body of analysis, evidence and so expertise we have generated in our five years to specific circumstances that arise. This advice can be influential with Ministers and parliamentarians.

Spotlight on our advice on the Planning and Infrastructure Bill

The Government introduced a Planning and Infrastructure Bill early in 2025, to speed up and streamline the delivery of new homes and critical infrastructure. The bill included a new system for addressing environmental harm caused by development, intended to enable a more strategic approach to improve environmental outcomes, and so achieve Government’s twin aims of supporting economic growth and delivering better for nature.

In doing so, the Bill proposed a significant change to the legal protection for nature from harm caused by development, in particular for protected sites and species.

We can advise Ministers when they propose changes to environmental law. We did so in this instance to highlight issues that might hinder government achieve this win win. Our advice set out that we disagreed with government that the proposals would not lower environmental protection, and explained why. We made suggestions and identified areas where the bill could be amended to be more likely to lead to positive environmental outcomes.

Our advice was used by parliamentarians in both houses in their scrutiny of the bill, and in holding government to account. It was referenced in briefings, in parliamentary debates (including 65 times in one day of the Planning and Infrastructure Bill Committee debate) and in scrutiny committee discussions. We also engaged extensively with officials, ministers and Parliamentarians to discuss the issues and ensure understanding of our analysis.

The Minister acted on our advice and tabled a package of amendments which substantially allayed our concerns. Minister Pennycook thanked us for the “considered and constructive advice” provided, and noted that the amendments he tabled spoke “directly to the various specific matters raised in your advice”.

In this instance, our advice had direct impact in government and Parliament. We are continuing to monitor and are likely to advise or report on the early implementation of the changed approach, so the changed approach is implemented effectively and in ways which can deliver the thriving environment that government intends to underpin a thriving economy.

In Northern Ireland, there has been similar impact from our advice and evidence. For example, we gave evidence to the independent panel reviewing environmental governance in Northern Ireland drawing on our work in this area across England and Northern Ireland. A number of the panel’s recommendations reflect our advice. We gave advice to the Minister in relation to proposed amendments to the nutrient action programme regulations in Northern Ireland. These regulations are central to how excess nutrients from agriculture are prevented from polluting Northern Ireland’s environment and most precious places for nature. Our advice was welcomed by the Minister.

Statement of Minister Muir in relation to our advice on the nutrients action programme regulations

I’ve taken the time to consider the advice provided by the Office for Environmental Protection on draft Nutrient Action Programme proposals out for consultation. It’s both clear and constructive, I’d urge anyone interested in the NAP consultation to seriously consider it.

Across our work in recent years, we find most frequently that the laws Parliament and the Assembly decide are broadly fit for purpose. Environmental outcomes are most frequently held back by poor implementation of the law, rather than issues with its design. For this reason, we have prioritised scrutiny of the implementation of existing environmental law in areas where reform is being considered, so that the right lessons of how today’s law is implemented can be learned in the consideration of reforms. Given the importance of the management of nutrients to the environment in Northern Ireland, we scrutinised the implementation of the existing nutrient action programme regulations. This work substantially completed in the year, and our report and recommendations were laid in the Assembly in April 2026, just after year end. This is an example of how we use our different functions together, so that the impact on the outcomes we aim for accumulates.

In total we published four reports on the implementation of environmental law in the period – laying one in the Assembly in Northern Ireland and three before Parliament. We also substantially completed a further report on the implementation of inspection regimes in the waste an installations sector, published in May 2026.

These reports consider important areas of environmental law which underpin government’s plans to significantly improve the environment, set out in each EIP. We prioritise scrutiny of issues where we judge our contribution to be unique and make achievement of the outcomes government intend more likely.

This year, we have considered several areas of environmental law which aim to make space for nature. This includes the early implementation of local nature recovery strategies in England, and on the designation and management of protected wildlife sites in England and Northern Ireland. We report that protected sites are needed if nature is to thrive, but they are falling short of their potential. We found comparable issues with how the laws had been implemented in each jurisdiction and made recommendations for how governance, resourcing, designation, monitoring and regulation can be improved, and how government can work better with land owners and managers. Across our reports, we have experimented with how we can make our work and findings more accessible to broader audiences. We produced an infographic in relation to our report on protected sites in England, which was widely used and referenced online and by different stakeholder groups.

ENGLAND'S PROTECTED SITES

A golden opportunity to drive nature's recovery



RECOMMENDATIONS 15 actions. Improving sites. Increasing efficiency.

- | | | |
|--|---|--|
| <p>Governance</p> <ol style="list-style-type: none"> 1. Set legal targets 2. Make a plan for delivery 3. Ensure all public authorities do their bit | <p>Resources</p> <ol style="list-style-type: none"> 4. Work out what money and people are needed and make them available | <p>Designation</p> <ol style="list-style-type: none"> 5. Speed up and scale up designating new sites 6. Engage better with landowners |
| <p>Monitoring</p> <ol style="list-style-type: none"> 7. Create a new duty to monitor sites 8. Make sure monitoring supports outcomes 9. Give timely feedback to landowners | <p>Land management</p> <ol style="list-style-type: none"> 10. Encourage farmers with better agri-environment schemes 11. Ensure access to funding for other sites 12. Ensure access to better advice for all landowners | <p>Regulation</p> <ol style="list-style-type: none"> 13. Remove outdated and harmful consents 14. Enable Natural England to regulate for effective management 15. Monitor compliance |

Summary of the OEP's review of implementation of protected site laws in England

Government must respond to our reports by laying a response to Parliament and the Assembly within three months. During the year, Government in England did not always achieve this timeline. Outside of government's formal response, we aim to engage with a wide range of parties within and outside government to explain our findings, ensure our recommendations are understood and so support more effective implementation of the law over time. This can mean that the influence of our work aggregates over time. We explain more about our approach to engagement under our objective of Organisational Excellence and Influence.

Spotlight on the impact of our recommendations

The Environmental Principles Policy Statement (EPPS) is intended to put the environment at the heart of all government policymaking, and so help the whole of government play a full part so that a thriving environment can underpin a thriving economy as government intends.

In February 2025 we published a report providing an early review of implementation of the EPPS duty in England. We recommended that HM Treasury's Green Book, as well as other key cross government guidance and templates, be updated to include reference to the EPPS so that it is more embedded into government practice.

Following the government's response to our report, we engaged directly with the Treasury's review of the Green Book, supporting officials consider how the duty could be incorporated in a number of sections. They sought our opinion, not just on the wording in relation to the EPPS, but also more broadly in the section concerned with the natural environment.

HM Treasury published its revised Green Book in February 2026, which included references to the Environment Act targets as well as the duty to have due regard to the EPPS. Through our engagement, expertise and analysis we supported HM Treasury to provide clearer guidance on what the duty requires from ministers and practitioners in key cross government guidance, and give prominence to key environmental outcomes that government is committed to, when considering any policy that can contribute to those outcomes.

Whilst our findings are specific to each matter we consider, there is consistency in the nature of issues we identify. More effective implementation of existing environmental law, and a need for greater focus on the conditions for good implementation such as good governance, sufficient delivery planning, the availability of skills and resources, and monitoring and evaluation, remain key areas on which government can focus to improve outcomes.

We use the resources provided to us purposefully and prioritise carefully where we judge we can make a meaningful difference to environmental outcomes across our functions. We have a power to intervene in judicial review cases brought by others. We do this in prioritised cases where our intervention can support the courts to clarify important aspects of environmental law, and where we have a specific contribution beyond those submitted by the main parties involved. We don't intervene to support one side or the other.

This year we did not intervene in any case, as we did not identify specific cases where we could make sufficient difference to environmental protection and improvement. The courts made judgments for cases in which we had intervened in prior years. We see consistent evidence of our contribution being valued and influential in the courts' deliberations.

Spotlight on our interventions in court

This year, the court made its judgment in three of the four cases in which we have intervened so far. Two were in the Court of Appeal; *Pickering Fishery Association v Secretary of State for Environment, Food and Rural Affairs & the Environment Agency* (judgment April 2025) and *Rights Community Action Ltd v Secretary of State for Housing Communities and Local Government (SSHCLG)* (judgment July 2025). We had also intervened in one case in the Supreme Court *CG Fry & Son Ltd v SSHCLG* (judgment October 2025).

We had published reports on the implementation of environmental law about the laws involved in each of the cases. This allowed us to draw on the detailed evidence and findings of those reports and to highlight why the issues to be decided in the cases were of wider general public importance. In each case we made submissions setting out our view on how the law should be interpreted.

In the case of *Pickering* the Court referred to the findings of our report on the Water Framework Directive Regulations directly in its judgment. In the cases of *Pickering* and *CG Fry & Son*, the points we made in our submissions can be clearly traced through to the Court's reasoning. The judgment in the *Rights Community Action* was similarly in line with our submissions.

Each of our interventions influenced the reasoning in the court judgments, indicating the reputation we have developed with the courts as an independent, impartial intervener. Our submissions supported the courts to make findings with wider applicability than the specific cases involved, ensuring broader impact and supporting more environmentally aware decision making.

In carefully prioritising our interventions, we have ensured that we give evidence different from those of the other parties in each case. We have drawn efficiently on evidence generated across our work and functions, in line with our issues-based approach.

Improved compliance with environmental law

Government and other public authorities abide by environmental law so it can protect people and protect and improve the environment as intended

What success looks like:

- Public authorities' compliance with environmental law overall will improve as we undertake our role
- Where we identify failures to comply with environmental law, public authorities will take the necessary steps to remedy them
- Stakeholders will have confidence in our enforcement functions as an effective route to secure compliance with environmental law

Public authorities should comply with environmental law, so that they can protect and improve the environment as intended. We hold public authorities to account for their compliance with environmental law, and challenge and seek to remedy serious failings through our targeted activities.

Highlights:

- Changes made by Defra, the Environment Agency and Ofwat during our investigation into their regulation of Combined Sewer Overflows, allowing us to close this investigation with a clear path to resolve compliance issues and a clearer and more effective regulatory framework
- Updated guidance from Defra to the Environment Agency on how key regulations to protect rivers from pollution from agriculture should be implemented, resolving compliance issues we had identified in our investigation
- Resolution of five further potential failures to comply with environmental law through dialogue and agreement with public authorities, without using our investigation and enforcement powers

Complaints and enquiries

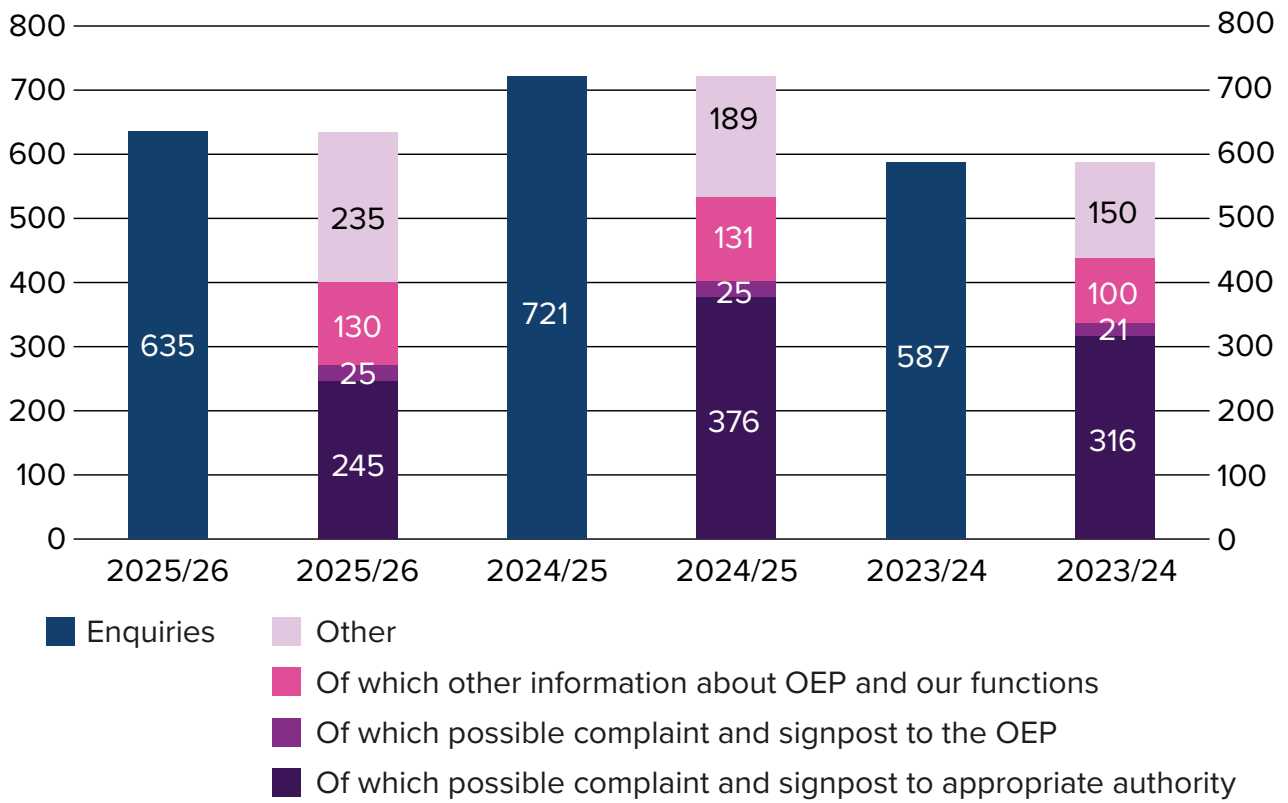
Receiving and assessing complaints about potential breaches of environmental law by public authorities provides us with important information that can inform all our work. We consider and respond to every complaint we receive. However, our role is not to act in every case, nor to seek individual redress for those who complain to us, nor to provide compensation.

Rather, we assess the issues and analyse the evidence to identify breaches which may be serious from one, or a number of, complaints. We can investigate serious cases which we prioritise. Where we investigate, this is to determine if a public authority has complied with the law, and if it has not, to establish what it should do to correct the failure.

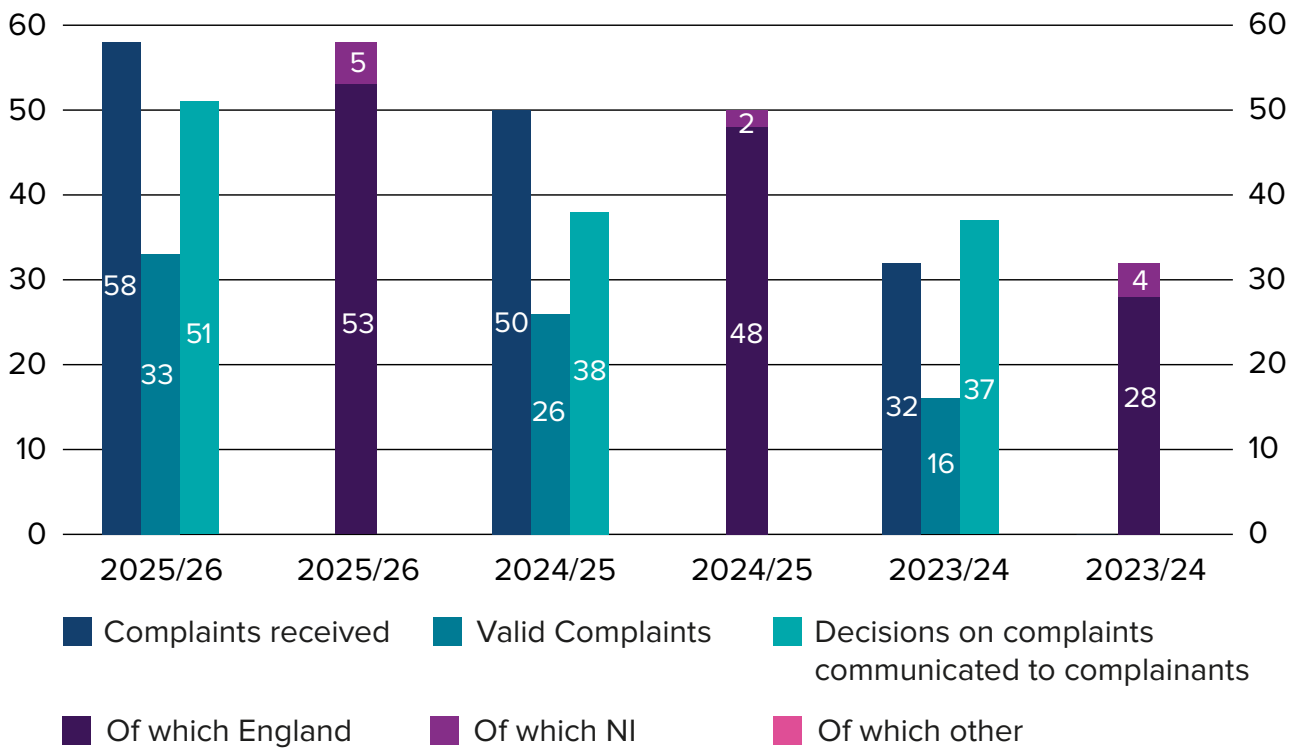
We receive enquiries from the public about a wide range of environmental matters, including potential failures to comply with environmental law by public authorities. We aim to help all those who contact us by either answering their questions directly or signposting to the best organisation to provide support or information.

Information and measures:

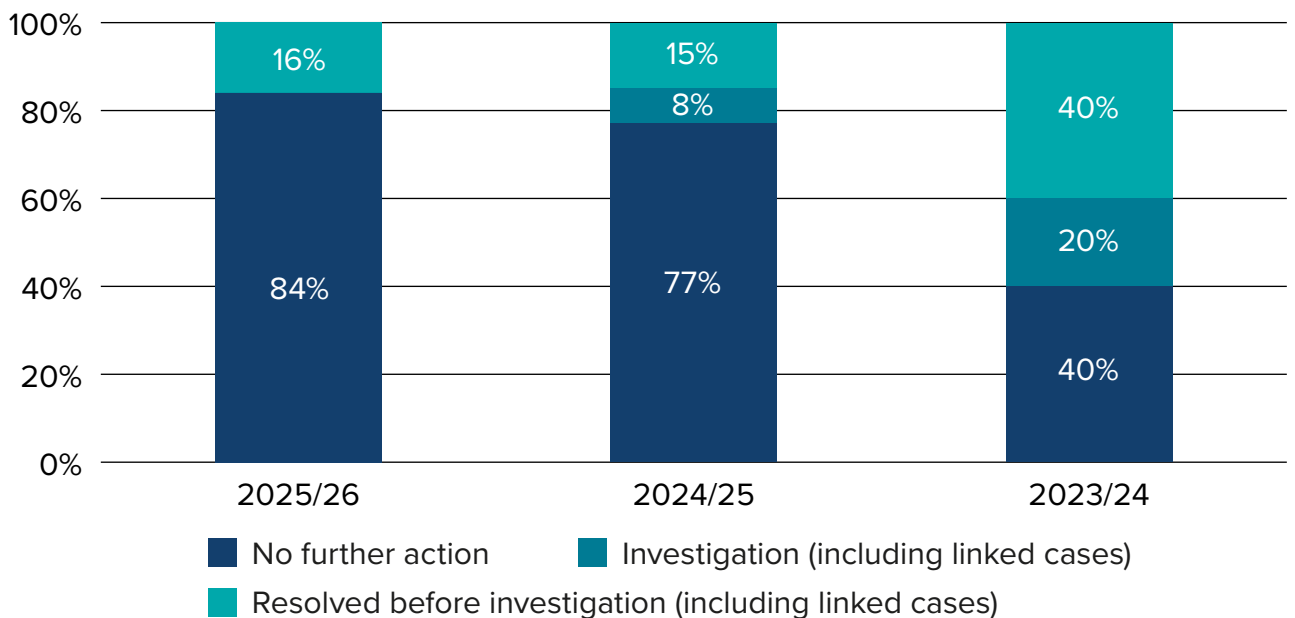
| Number of complaints and enquiries received | 2025/26 | 2024/25 | 2023/24 |
|--|--------------|--------------|--------------|
| Enquiries handled | 635 | 721 | 587 |
| Of which | | | |
| Possible complaint and signposted to appropriate authority | 245 (39%) | 376 (52%) | 316 (54%) |
| Possible complaint and supported to complain to OEP | 25 (4%) | 25 (3%) | 21 (4%) |
| Request for other information about the OEP or our functions | 130 (20%) | 131 (18%) | 100 (17%) |
| Other | 235 (37%) | 189 (26%) | 150 (26%) |



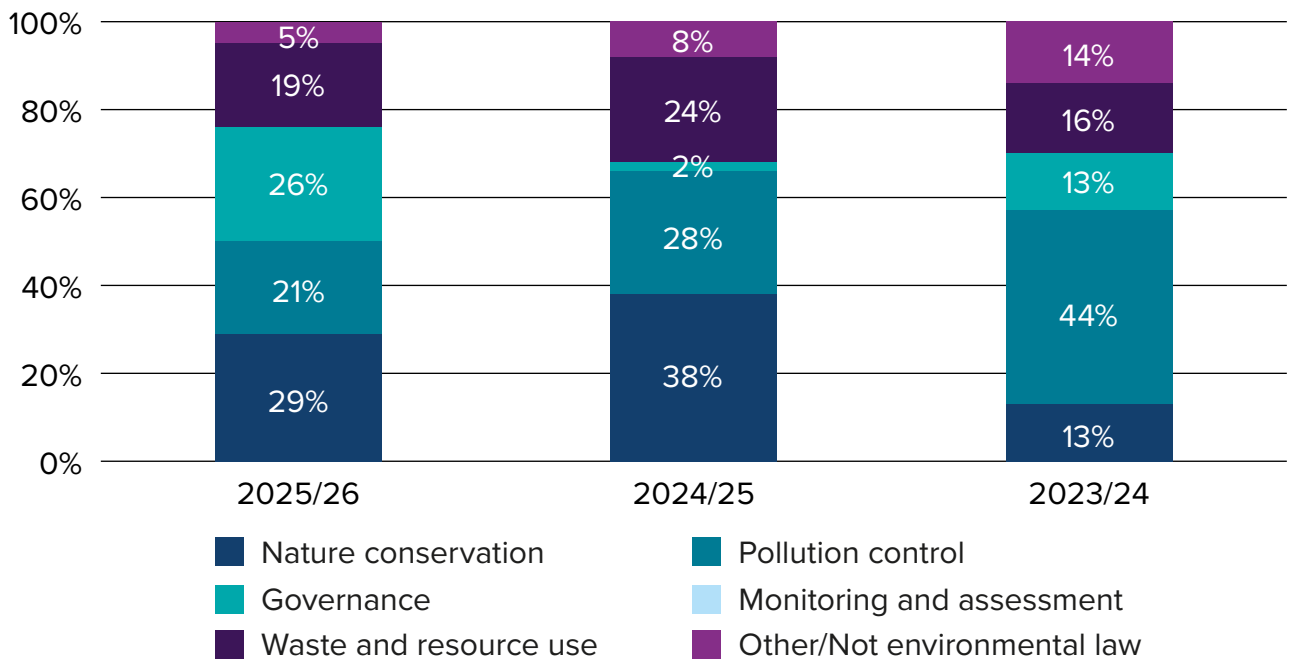
| | 2025/26 | 2024/25 | 2023/24 |
|--|-------------|-------------|-------------|
| Complaints received | 58 | 50 | 32 |
| Eligible complaints | 33 (57%) | 26 (52%) | 16 (50%) |
| Decisions on complaints communicated to complainants | 51 | 38 | 37 |
| Of complaints received | | | |
| England | 53 | 48 | 28 |
| Northern Ireland | 5 | 2 | 4 |
| Other | 0 | 0 | 0 |



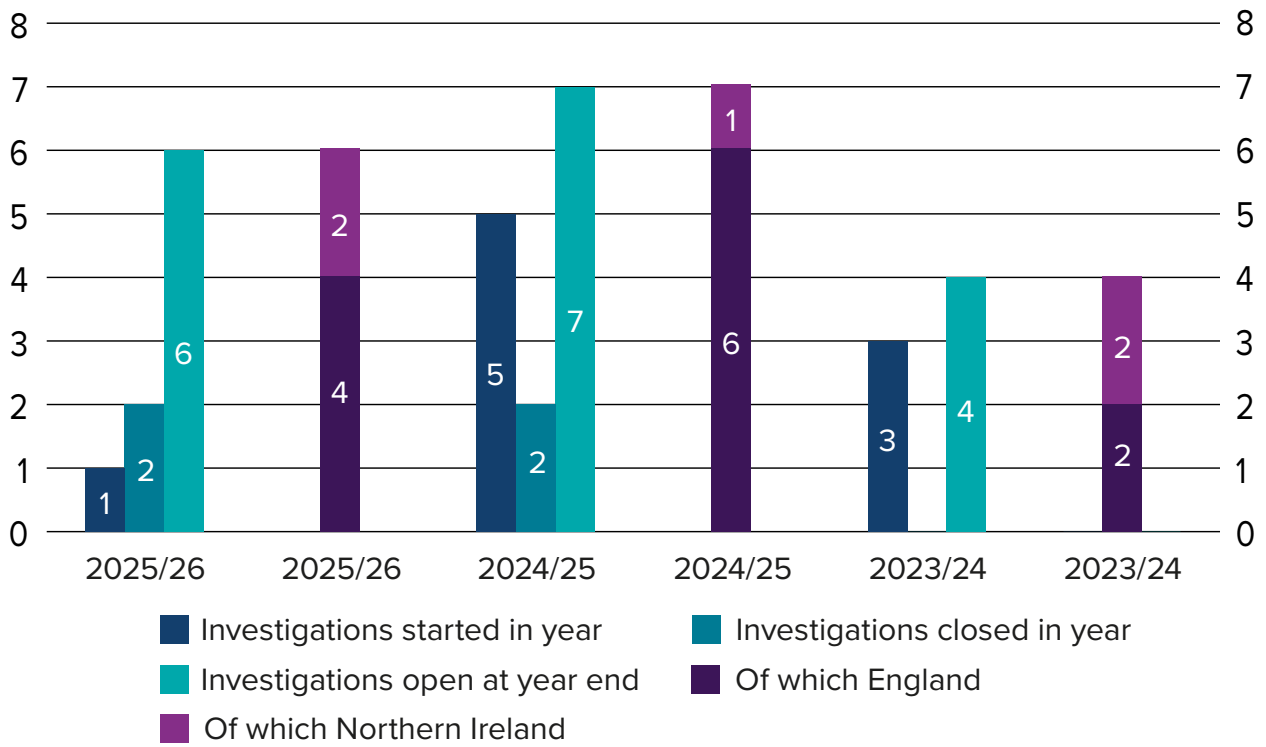
| Decision outcome communicated to complainants for valid complaints | 2025/26 | 2024/25 | 2023/24 |
|--|---------|---------|---------|
| No further action | 84% | 77% | 40% |
| Investigation (including linked cases) | 0% | 8% | 20% |
| Resolved before investigation (including linked cases) | 16% | 15% | 40% |



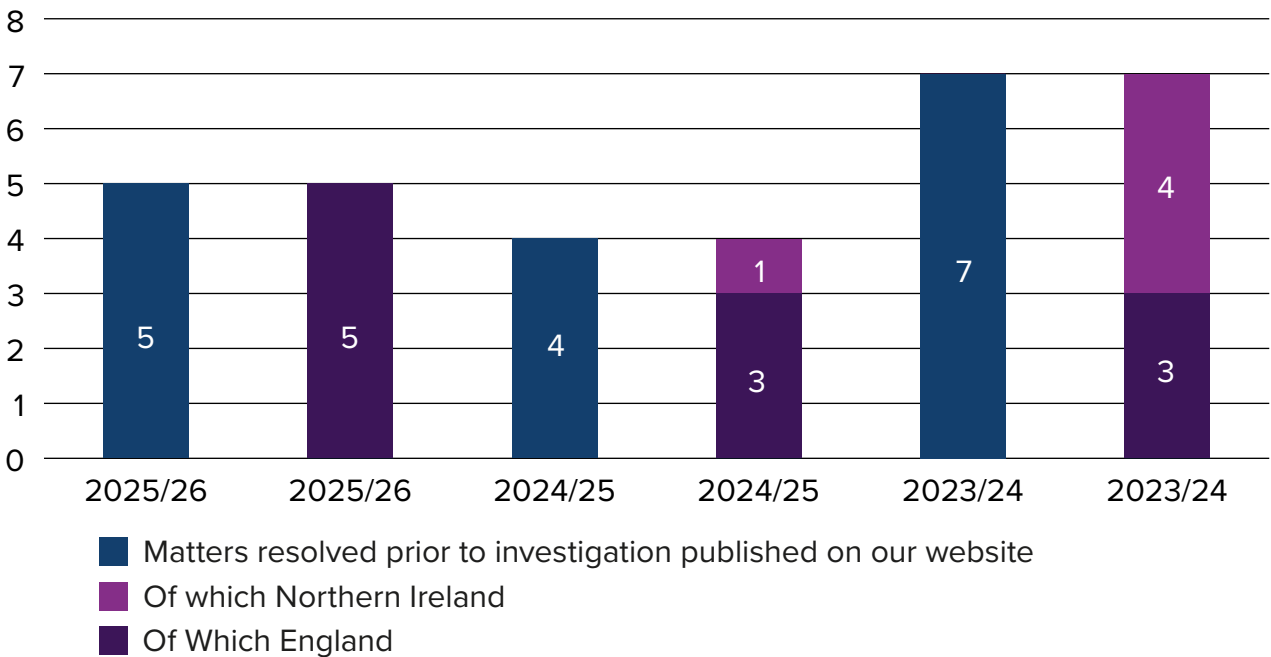
| Category of complaint received | 2025/26 | 2024/25 | 2023/24 |
|---------------------------------------|---------|---------|---------|
| Nature conservation | 29% | 38% | 13% |
| Pollution control | 21% | 28% | 44% |
| Governance, monitoring and assessment | 26% | 2% | 13% |
| Waste and resource use | 19% | 24% | 16% |
| Other/non environmental law | 5% | 8% | 14% |



| Investigations | 2025/26 | 2024/25 | 2023/24 |
|---|---------|---------|---------|
| Investigations started in year | 1 | 5 | 3 |
| Investigations closed in year | 2 | 2 | 0 |
| Investigations open at year end | 6 | 7 | 4 |
| Of investigations open at year end | | | |
| England | 4 | 6 | 2 |
| Northern Ireland | 2 | 1 | 2 |



| Matters resolved by cooperation, dialogue and agreement with public authorities, outside of investigation | | | |
|---|---------|---------|---------|
| | 2025/26 | 2024/25 | 2023/24 |
| Matters resolved published on our website | 5 | 4 | 7 |
| Of which | | | |
| England | 5 | 3 | 3 |
| Northern Ireland | 0 | 1 | 4 |



All of our compliance, investigation and enforcement activity aims to achieve environmental outcomes. Where we identify serious potential failures to comply with environmental law, our strategy and [enforcement policy](#) sets out how we resolve issues as early as possible. What matters most is that issues identified are put right.

We aim to achieve this in agreement with public authorities where that is possible. This means that we raise issues and work with public authorities to understand where a failure may have occurred, and how it can be remedied. This may involve discussions and correspondence with the public authority, the agreement of an action plan, or other similar steps that give confidence that the compliance issue (whether or not it has occurred) has or will be remedied. [We published information about five issues we resolved in this way during the year on our website.](#)

Spotlight on how we aim to resolve issues as early as possible

Where we identify failures to comply with environmental law, our approach is to challenge and resolve failures as early as we can. We often achieve this without needing our formal powers.

In April 2024 we received a complaint about the Environment Agency's regulation of Gilberdyke landfill site in East Yorkshire. The complainant suggested the agency had known the operator was not complying with permit conditions and was not financially able to comply with the permit requirements. The complainant also suggested the agency knew there was a large shortfall in the financial provision funds held. This is money set aside for the operator to maintain and monitor the landfill for up to 60 years after operations end, and so make sure the environment is protected into the future.

A short time later, the operator of Gilberdyke landfill entered voluntary liquidation. Other operators have also since entered insolvency arrangements.

We identified potential serious failures by the Environment Agency to comply with the relevant laws in their regulation of the Gilberdyke landfill site and had intelligence this may be a systemic issue. In particular, we identified potential systemic issues with financial provisions made by trusts, limitations in the available enforcement tools and that the agency's guidance would not necessarily be sufficient to ensure compliance with environmental law. We engaged with the responsible leaders in the agency, discussing with them the actions the agency might take.

The Environment Agency committed to a policy and regulatory review, and to implement improvements within a detailed two-year action plan. On this basis, we did not pursue further action, as we will contribute to improved environmental protection without the need to use our investigation powers. We continue to monitor steps being taken.

Where we use our investigation and enforcement functions, our aim is to secure compliance with the law, so that the environmental outcomes the law is designed to deliver can be achieved. We aim to do this without recourse to the court where this is possible.

This year we closed two investigations. We achieved positive outcomes which support environmental protection and improvement in each. During our investigations we engage actively with public authorities to remedy issues brought to light through our investigations, whilst they are continuing. In both closed investigations this year, public authorities took steps during our investigations in light of the issues we identified.

Following complaints on related issues, in 2024/25 we began an investigation into guidance provided by Defra to the Environment Agency on what it should consider when enforcing key regulations which aim to reduce and prevent water pollution from agriculture. We engaged closely with Defra in relation to our concerns in relation to whether the guidance was in line with the law. Whilst the investigation was open, Defra reviewed, consulted on and provided new guidance which substantively addressed our concerns. In particular, the new guidance was consistent with the law and did not induce a land manager to act unlawfully, particularly in respect of the applications of fertiliser and manure to land. [We reported on how this matter was resolved in September 2025.](#)

Statement of complainant on conclusion of our investigation into the Farming Rules for Water

Thanks to the OEP's intervention on this issue, we're pleased to see updated guidance from Defra, which constitutes an important legal boost for the protection of our rivers.

During the course of our investigation into the regulation of combined sewer overflows, a number of steps were similarly taken by Defra, the Environment Agency and Ofwat. This considered a particularly complex area of environmental law, where our investigation played a key role in driving clarity, alignment, and clear outcomes in an area where ambiguity had previously hindered effective regulation of spillages of sewage into the environment. [We published our report on this matter in December 2025.](#)

Spotlight on our investigation into the regulation of combined sewage overflows

In 2022, we began three connected investigations into the regulation of combined sewage overflows by Defra, the Environment Agency and Ofwat, after receiving information within complaints that indicated a serious potential failure to comply with environmental law.

We investigated whether these public bodies had failed to comply with their duties in regulating, monitoring, and enforcing water companies' legal obligations to manage sewage. We also aimed to clarify the roles and responsibilities of the bodies, where these had become unclear or fragmented over time. We judged these factors may have contributed to sewage being discharged to the environment more often than it should, causing serious harm.

We identified potential failures to comply with environmental law by all three bodies. In September 2023, we issued Information Notices to each, setting out the alleged failures and requesting formal responses. Having considered those responses, we issued Decision Notices to each setting out the failures identified and the actions needed to address them.

When we identify failures to comply with environmental law, we want public authorities to put that right, so that the outcomes the law aims to achieve can follow.

In this investigation, the public authorities generally did not accept our conclusions that the law had been breached. But they agreed to, or had begun to undertake, many of the remedial actions we considered to be needed to comply. Because of these significant steps by each public authority, we were able to close the investigation.

Defra published new policy and guidance which clarified the legal roles of Defra, the EA, and Ofwat. This was an important step in aligning policy and guidance with environmental law. A new Memorandum of Understanding between Defra, the Environment Agency, and Ofwat, now codifies clearer accountability and more effective joint working.

The Environment Agency revised its Storm Overflow Assessment Framework, lowering thresholds for its investigations when spillages occur. It began a programme to review permits and embed legally relevant conditions on the frequency of spills into them. It updated guidance on Best Available Techniques Not Entailing Excessive Cost to improve consistency of regulatory assessments and strengthen oversight.

Ofwat updated its *Approach to Enforcement* which was followed by several investigations into sewerage undertakers, demonstrating a clear shift, with frequent discharges outside exceptional circumstances now firmly within its enforcement approach.

Together, these developments have addressed, or will address, the failures identified. Impacts should be more consistently identified, more thoroughly assessed against the relevant legal tests, and more clearly considered alongside costs and benefits. Where improvements are required, regulatory action should lead to impacts being reduced or avoided. Where discharges remain unacceptable or unlawful, appropriate enforcement action by regulators should follow.

We expect to see more effective and better coordinated regulation of combined sewage overflows as a result.

We have six open investigations at the end of the year, after beginning one new investigation this year. These cover serious potential failures to comply with environmental law connected to the quality of the marine environment, the protection of areas for wild birds, the regulation of sewage discharged into Belfast Lough and the laws which protect the environmental quality of rivers and lakes. We expect some to reach conclusion in the coming year.

Our compliance activities and investigations can be prompted by intelligence from a wide range of sources which indicate a potential failure to comply with the law including complaints we receive. We received slightly more complaints this year than last (58 against 50 in 2024/25). A stable proportion of complaints we received met the criteria set out in the Environment Act and so were eligible complaints for us to receive. We continue to seek to improve information we provide to support potential complainants understand the complaints we are able to consider.

We took no further action through our investigation functions for 84% of the complaints we received, a similar proportion to last year. In 80% of cases where we took no further action, this was because we judged that the complaint did not evidence a failure to comply with environmental law, and so no further investigation or enforcement action could be taken.

The complaints we receive can provide important information on potential failures to comply with the law but often provide information which supports our other work. We make active use of the intelligence we receive from complaints in most cases, including where we don't investigate. For example, we use complaint-derived information in our monitoring

and reporting on the implementation of environmental law, or in supporting our assessment of progress towards EIP targets and goals.

As well as a complaints service, we operate contact services for the public. Many enquiries we receive relate to environmental concerns, and a potential failure to comply with environmental law. We signpost those who contact us to the most appropriate route for their concern, which in most cases is not our complaints process, rather another public authority. This reduces the number of complaints we receive, by screening out those where we are not the appropriate step for the complainant. This supports efficiency for us and the public authorities we oversee and makes it more likely that the concerns of the public receive an appropriate response.

In 2025/26, we responded to 635 contacts compared with 721 the previous year. This is the first year the number of enquiries we have managed has reduced, following an overall increase in volumes of 80% in the previous two years. The reduction in contacts follows improvements to our website about the complaints we consider, and where alternative public authorities may be more appropriate. We saw a 35% reduction in the number of enquiries we signposted to other public authorities – the main reason for the overall reduction in contacts.

Organisational excellence and influence

We are effective and efficient, with the authority, relationships, expertise and voice to play our full part in national environmental governance.

What success looks like:

Those who work for environmental protection and improvement will respect our work and value the role we play in each of England and Northern Ireland

When we speak, those we are speaking to will hear, understand and act on what we say

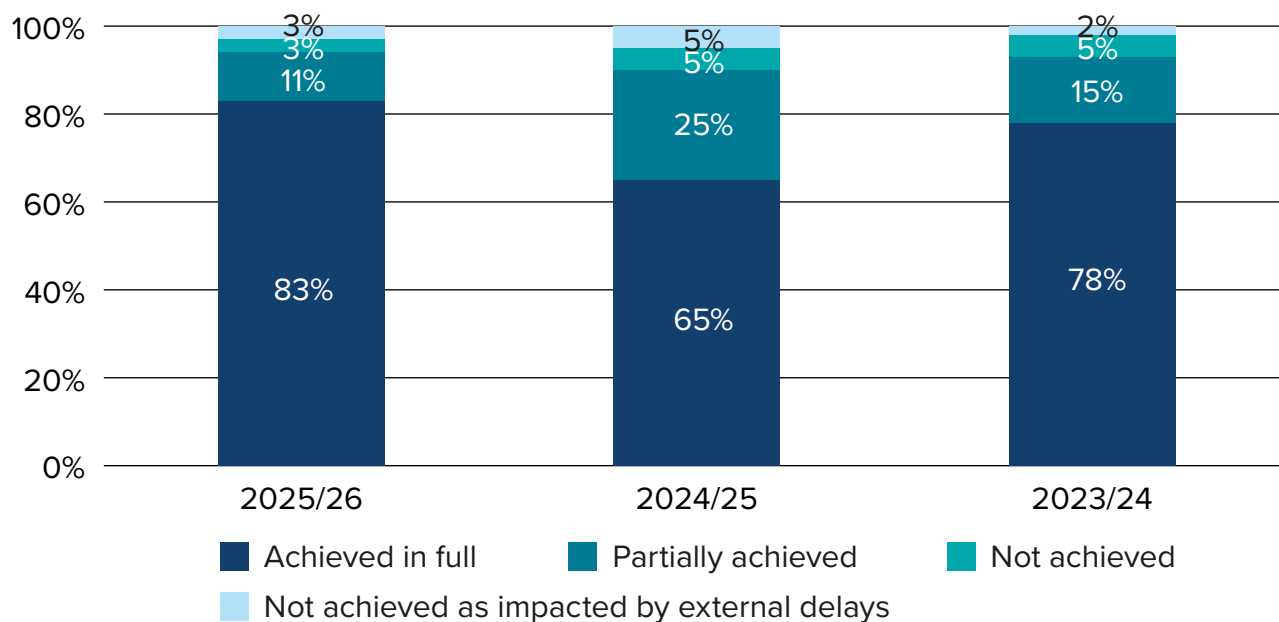
Our staff will be engaged and motivated to deliver our mission

Highlights:

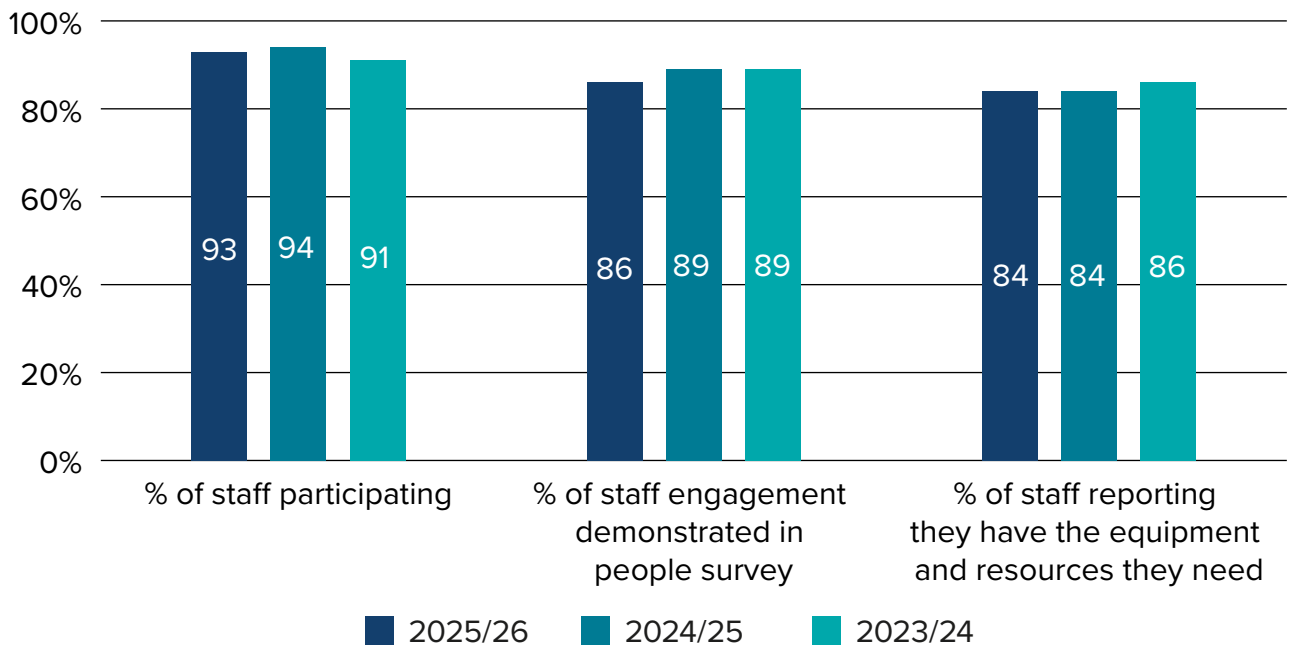
- Continued exceptionally high engagement of our staff in our work and mission
- Adoption of a refreshed people strategy
- Making AI tools safely available to all staff, and exploring a wide range of use cases for how this can safely enable our efficiency into the future
- Winning the innovation in regulation award at the Institute of Regulations Awards
- Second year of fully utilising resources made available

Information and measures:

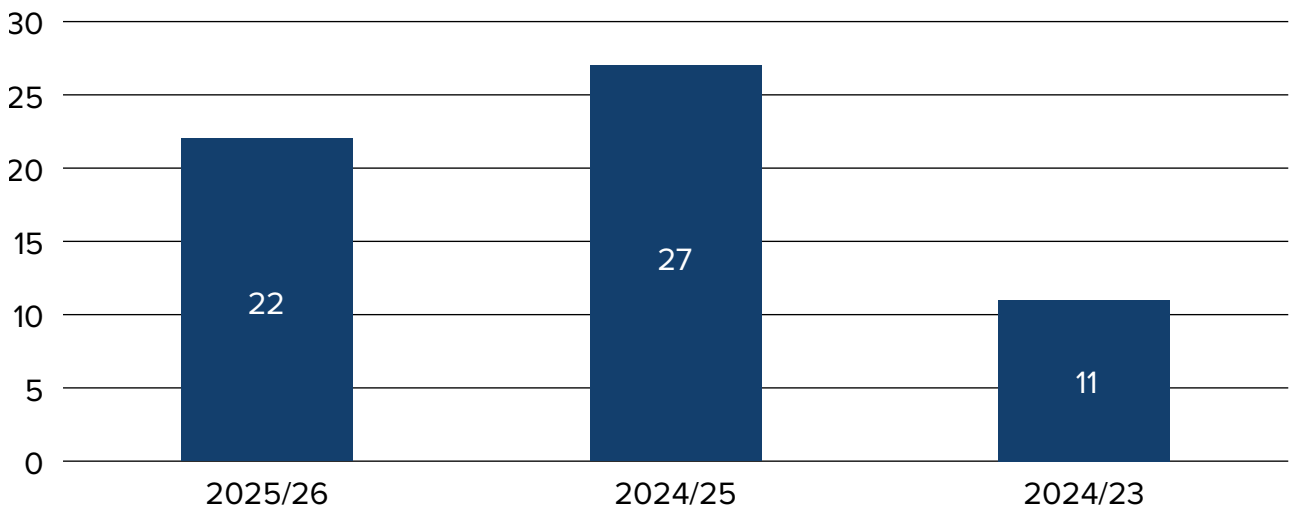
| % of commitments made in our corporate plan achieved | 2025/26 | 2024/25 | 2023/24 |
|---|----------------|----------------|----------------|
| Achieved in full | 83% | 65% | 78% |
| Partially achieved | 11% | 25% | 15% |
| Not achieved | 3% | 5% | 5% |
| Not achieved as impacted by external delays | 3% | 5% | 2% |



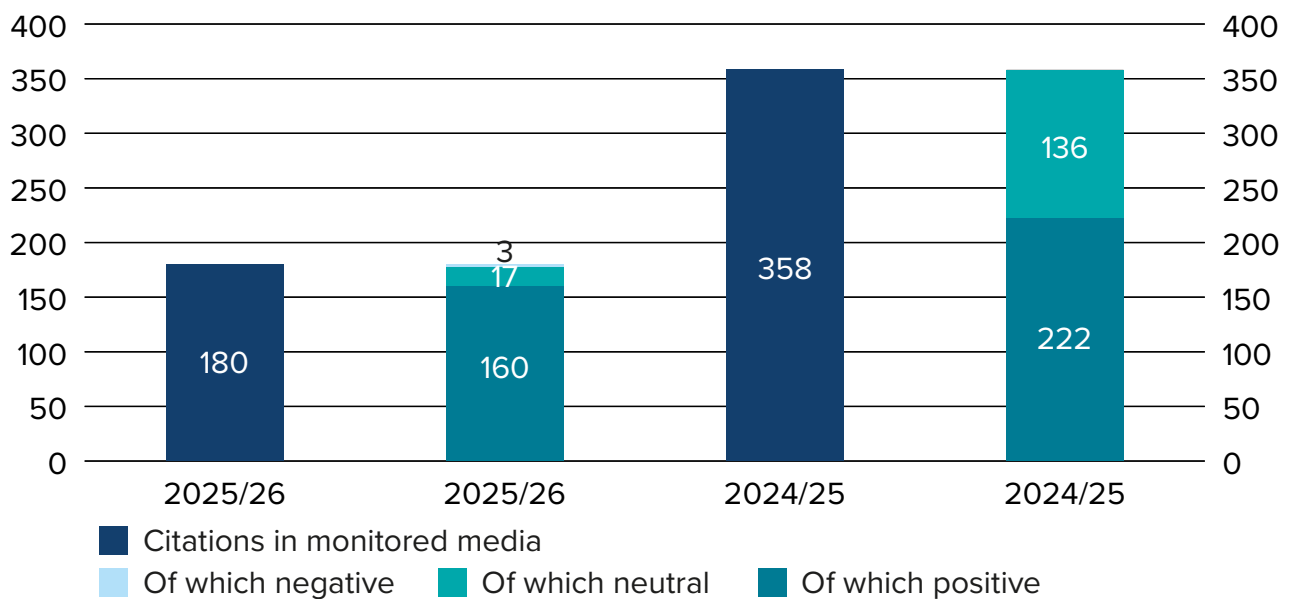
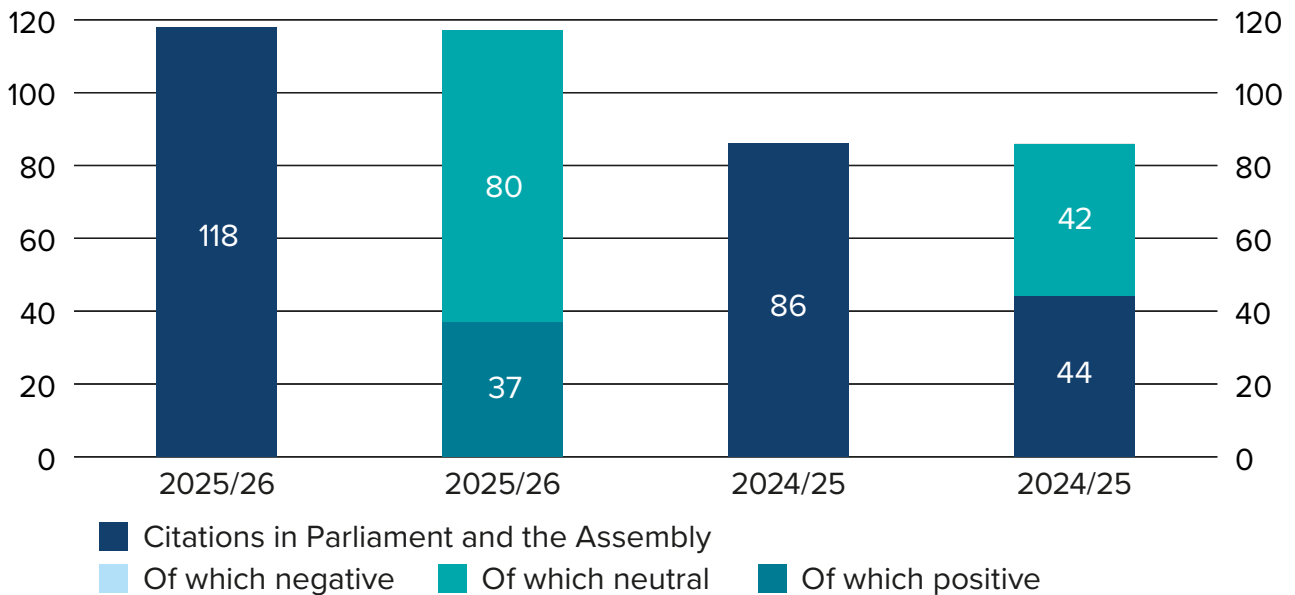
| People survey | 2025/26 | 2024/25 | 2023/24 |
|--|----------------|----------------|----------------|
| % of staff participating in the people survey | 93 | 94 | 91 |
| % of staff engagement demonstrated in people survey | 86 | 89 | 89 |
| % of staff reporting they have the equipment and resources they need to do their work properly | 84 | 84 | 86 |



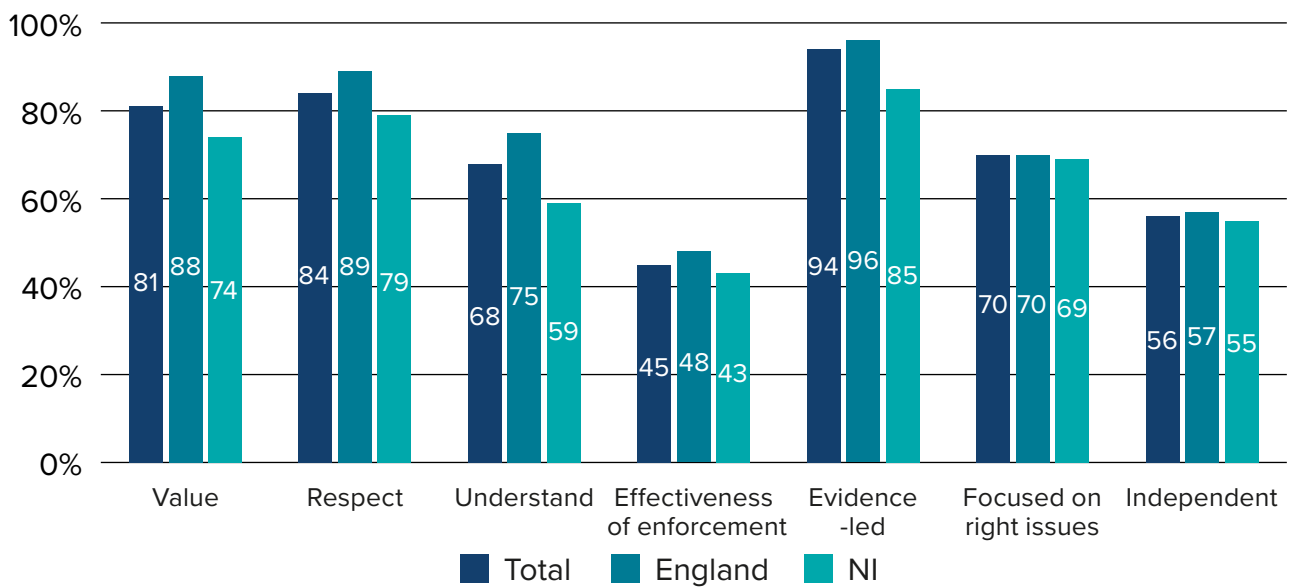
| College of experts | 2025/26 | 2024/25 | 2023/24 |
|---|---------|---------|---------|
| Number of engagements with college of experts | 22 | 27 | 8 |



| Citations | 2025/26 | 2024/25 |
|---|---------|---------|
| Number of OEP mentions in Parliament and the assembly | 118 | 86 |
| Of which | | |
| Positive | 37 | 44 |
| Neutral | 80 | 42 |
| Negative | 1 | 0 |
| Number of OEP mentions in monitored media | 180 | 358 |
| Of which | | |
| Positive | 160 | 222 |
| Neutral | 17 | 136 |
| Negative | 3 | 0 |



| Results of stakeholder perception survey | England | Northern Ireland | Total |
|--|---------|------------------|-------|
| % of stakeholders agreeing or strongly agreeing that the OEP plays a valuable role in protecting and improving the environment | 88 | 74 | 81 |
| % of stakeholders who respect our work | 89 | 79 | 84 |
| % of stakeholders who understand our work | 75 | 59 | 68 |
| % of stakeholders who are fairly or very confident the OEP is using its enforcement powers effectively | 48 | 43 | 45 |
| % of stakeholders very confident or fairly confident that the OEP's outputs are evidence led | 96 | 85 | 94 |
| % of stakeholders agreeing that the OEP has focused on all the right issues or mostly focused on the right issues | 70 | 69 | 70 |
| % of stakeholders reporting a score of 8 out of 10 or above when judging the extent to which the OEP is independent of NGOs and pressure groups, the private sector and government | 57 | 55 | 56 |



We can only play our full part to deliver outcomes which protect and improve the environment, if we are the effective and efficient organisation we intend. Now in our fifth year, our enabling infrastructure is established and largely operating well in support of our activities and mission.

We refreshed our strategy in November 2024, setting out renewed focus on how we work best to protect and improve the environment, by holding government and public authorities to account. This year our focus has been on good implementation of the strategy we put in place. In particular, ensuring our organisation is set up to focus relentlessly on the specific issues where we can make the most difference; enhancing our stakeholder engagement; improving our approach to project and programme management; finalising our people strategy, and; taking steps to continuously improve our efficiency.

Engaging with a wide range of organisations and individuals is core to how we can deliver our mission and objectives. This year, we have invested additional staff capacity to support our approach to stakeholder engagement and refreshed the data and systems that support this critical element of our work. We expect this to support increasingly purposeful and coordinated engagement over time. Over the course of this year, we have tried different approaches to engagement to support our work, and ensure our messages are heard and understood. This has allowed us to engage with different groups in different ways. We expect this to be a continuing focus in future years.

Spotlight on engaging widely to support effective scrutiny

Our strategy sets out how we aim to engage well with a wide range of different groups to listen and learn, and ensure our work and decisions are transparent, accessible, impartial and evidence-led, as well as independent. Ultimately, this helps us have the positive influence we intend on protecting and improving the environment

During the year, we published reports on the implementation of Local Nature Recovery Strategies (LNRS) in England and protected site laws in England and Northern Ireland. Effective engagement with a wide range of different groups was important to the scope of each project, to inform our research and to achieve influence.

We held three workshops during our LNRS project to engage with the authorities responsible for LNRS, as well as a further webinar to talk to a wider range of interested bodies. Some of these bodies attended further focus groups and we worked more closely with twelve authorities who provided us with information as to the development of their LNRS. In total we engaged with 38 of the 48 responsible authorities and 34 other organisations.

Similarly, 58 diverse groups responded to a call for evidence about our work on protected sites. We met with 28 to discuss their response in greater detail or to identify further evidence. We visited protected sites in England and Northern Ireland to explore the practical challenges on the ground with landowners.

In both projects, we established an advisory group, which included members of our College of Experts, and benefited from ongoing constructive engagement with DAERA, Defra and Natural England at a national level, to ensure we were aware of policy developments.

To reach wider audiences, we issued LNRS blog posts, to share some of what we were learning as we were learning it, and as responsible authorities were facing some of the challenges and good practices we identified.

More than two hundred people attended webinars to hear of our findings with each report, including many of those engaged in implementing these environmental laws on the ground.

Our engagement enabled us to secure invaluable, evidence-based and timely insight into the barriers and enablers faced in the production of these first LNRS and in the delivery of the protected site laws. It meant we were able to present an authoritative and credible account to government and parliament to increase prospects of achieving impact.

We are a new organisation, efficient by design and with few legacy technology challenges to manage. Our information and digital technologies are provided by an outsourced service, and we successfully retendered this service in year, at overall reduced cost – a principal driver of the 4% reduction in our IT costs this year.

We continue to make targeted investments in our technology to ensure it remains effective and value for money. For example, we have implemented new technology through which we manage contacts from the public, complaints and investigations. This has automated routine tasks, with stronger security controls and simplified our overall information technology estate generating immediate efficiency for our staff, and ongoing efficiency in management of our technology. We rolled out artificial intelligence tools to all our staff, after a pilot, and supported by training and an appropriate use policy. Our staff have explored different use cases to safely adopt artificial intelligence within their working practices. We have worked to maximise the benefits of the intelligence management system we implemented in prior years, as a core enabler of the issue-based working we intend, which supports us to focus on how we make the most difference.

Spotlight on an award winning approach to intelligence

We have a broad remit to scrutinise all of environmental law, and the breadth of governments' ambitions for the environment in England and Northern Ireland. We need a high degree of situational awareness and live understanding across this remit to know how and where to act, so we can be proportionate, purposeful and make the most difference. To enable this, we set up a small intelligence team and function, starting in 2023.

The intelligence team of two ensures we are well informed about relevant developments across multiple sectors, and that that information is easily accessible to all staff.

We developed an easy-to-use intelligence management system, launching in 2024. This enables all OEP staff to save, store and search for intelligence on stakeholders, environmental topics, laws and emerging issues. The intelligence team capture information from government, parliament and wider stakeholders and what it means for the OEP.

Outputs from the system are used to create weekly and ad hoc briefings. These are circulated to our sister bodies in Environmental Standards Scotland and the Independent Welsh Environmental Protection Assessor to support understanding across the UK.

The system stores details of all OEP projects, who works on them and what they aim to achieve. This allows relevant information to be pushed to the staff who need it, as well as staff being able to set up personalised newsfeeds for the intelligence that is relevant to them. A large language model is embedded in the system to support colleagues to summarise intelligence quickly. Dashboards help data to be extracted and analysed.

The intelligence team conducts horizon scanning and maintains a list of emerging issues and hosts a six weekly cross organisational forum to support this, and the scoping of projects and investigations in line with our issue-based approach. This helps us carefully identify and prioritise the specific issues to address and actions to take.

Twenty six organisations across government have engaged with us to understand our approach, and how they can do similar. The Intelligence Team won the Institute of Regulation Innovation in Practice Award in 2026, with a unanimous vote from the panel.

Beyond technology adoption, we have refreshed a number of ways we work to improve our effectiveness and efficiency. These included revising our approach and tools to project management, including to equip our leaders with the skills to manage projects more effectively to secure the outcomes our work aspires to. We have also reduced the time taken for some of our decision-making processes. Collectively we expect these and other improvements to make small but accumulating gains to our efficiency in future years.

We adopted a revised people strategy in year. Our staff remains very highly engaged in our work, with our people survey results stable and outstanding. Notwithstanding an overwhelmingly positive picture, last year's results included a small number of staff reporting instances of bullying or harassment. We have zero tolerance for these issues and commissioned an independent review of our culture. This identified no systemic issue, but improvements to some practice and behaviours that should be put in place. These are being implemented. Similar reports are not a feature of this year's survey.

Our operating model relies on drawing the right expertise from across our organisation of scientists, lawyers, and specialist functions, and working with those outside the OEP to gather the evidence and complete the analysis which inform our judgments. We have continued to innovate to establish the most efficient and effective ways to secure this expertise, through several short-term appointments of specialists in particular domains, hosting fellows from the British Ecological Society, and through procurement of specific evidence. We continue to make effective use of our College of Experts. The [college members](#) are drawn from academia and practitioners in industry across relevant domains of the environment, environmental regulation and law and volunteer their expertise in support of the scoping, peer review and other aspects of our work. We will refresh the membership of our college this year, to ensure it is aligned with our expected areas of work.

We did not agree a framework document with the UK government as we intended in year after our board agreed to a draft prepared in conjunction with Defra, DAERA and HM Treasury in 2023. The board agreed a further draft document, in substantially the same form, after further discussions with the parties in April 2026, just after period end. This was agreed by Defra, DAERA and HM Treasury and published in May 2026.

Sustainability Report

It is our mission to protect and improve the environment by holding government and public authorities to account. Environmental improvement is at the core of what we do. This includes managing our own impact on the environment and climate.

Our policy and action plan

Our board adopted our [sustainability policy and action plan](#) in December 2023. This sets out the board's commitment to hold ourselves to account for the impact we have on the environment through our operations, and to aim to be an example to others for the good management of our environmental impacts and our wider sustainability. Our action plan aims to take advantage of government's wider sustainability actions wherever possible, and define our own priorities, targets and actions to achieve them so we can go beyond that ambition where we can.

We have implemented planned steps in areas of good governance, sustainable offices, sustainable procurement, and measurement, reporting and review. We have, however, not yet set interim targets in relation our carbon emissions, and other areas of our environmental impact. We therefore continue to target the contribution we make towards Defra group's targets – notably in relation to emission reductions.

Understanding our impact

Our activities and environmental impacts have varied year on year, as we have established the OEP and implemented our sustainability action plan to gather improved information about our environmental impacts.

We have progressively improved the measurement and reporting we undertake in relation to our environmental impacts, in line with our policy and action plan. We cannot report on environmental impacts relating to our Northern Ireland office, as we occupy less than 1% of a multi-occupied building and energy, water and waste is not separately measured.

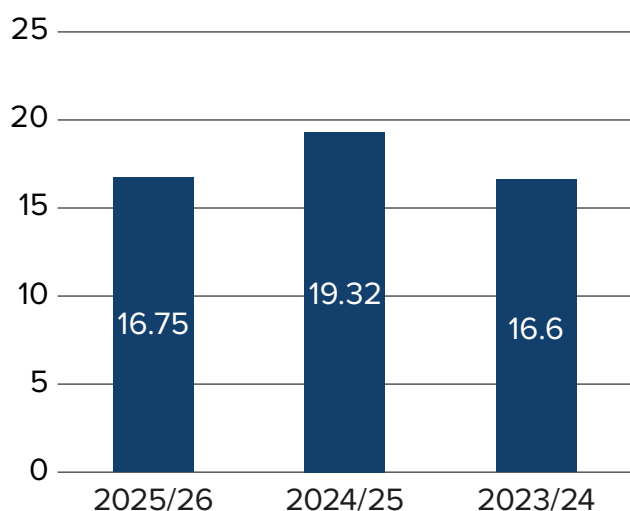
Mitigating climate change: working towards net zero by 2050

Our scope 1 and 2 emissions relate to purchased energy in relation to our offices in Worcester. We took occupation of the office from 31 March 2023 and occupied it from September 2023 after completing refurbishment work. In 2023/24 data relates to a six-month period of fit out, and six-months of occupation.

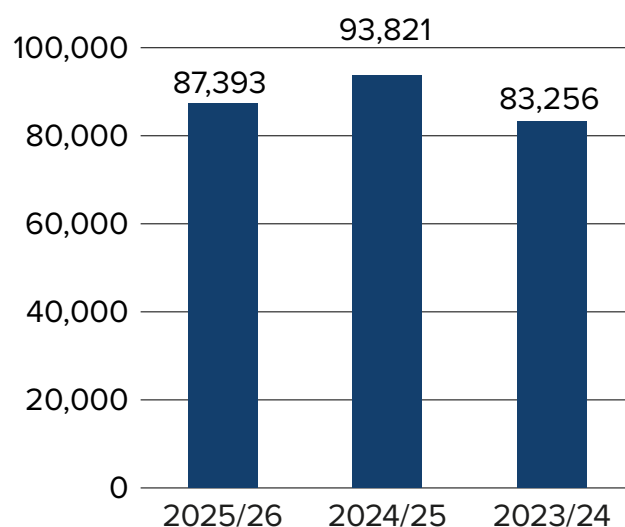
Our long-term office in England has a 'B' energy rating, is supplied with 100% renewable energy and has its own solar generation. We designed our office layout with the aim of the most efficient energy use. For example: the location of working spaces makes good use of natural light; our meeting rooms are placed in a central spine and benefit from transparent walls to enhance light flow, and motion-sensitive low-energy LED lighting is implemented throughout.

| Energy use | 2025/26 | 2024/25 | 2023/24 |
|---|----------------------------|----------------------------|----------------------------|
| kWh electricity consumption (per FTE) [per sqm] | 60,726 (687) [72] | 55,327 (700) [65] | 32,496 (451) [38] |
| kWh gas consumption (per FTE) [per sqm] | 26,667 (302) [31] | 38,494 (487) [45] | 50,760 (704) [60] |
| Tonnes CO ₂ e (per FTE) [per sqm] | 16.75 (0.19) [0.02] | 19.32 (0.24) [0.02] | 16.6 (0.23) [0.02] |
| Expenditure (per FTE) [per sqm] | £26,174 (£296) (£31) | £29,375 (£362) (£35) | £23,096 (£313) [£27] |

Total CO₂e



Total consumption of gas and electricity (kWh)

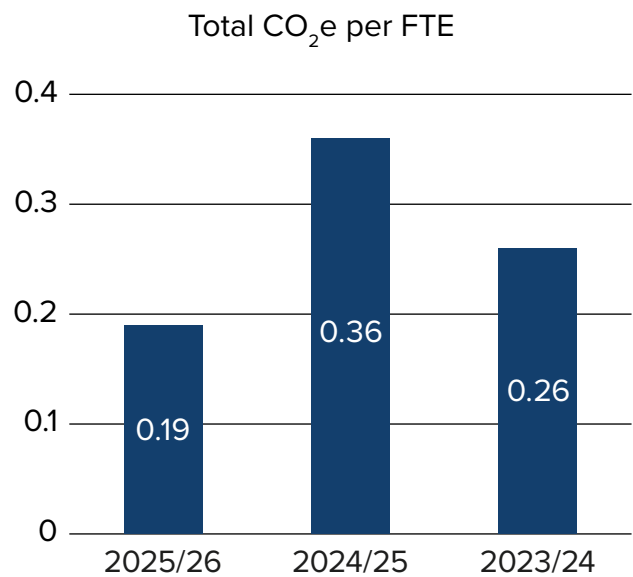
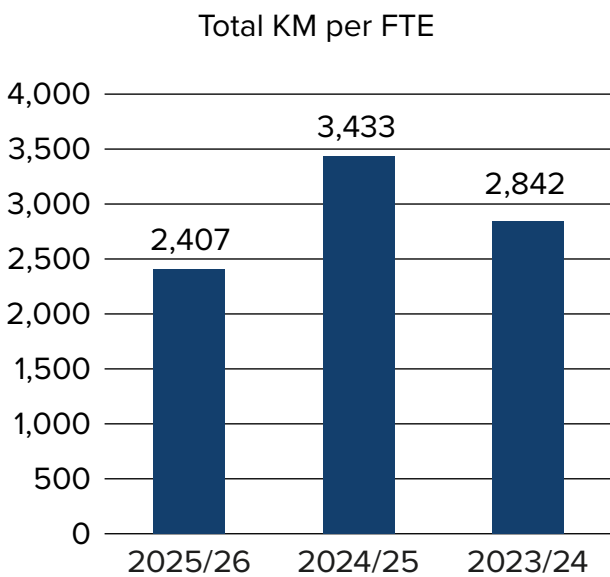


We have adopted a business travel policy which requires the most sustainable travel is considered first when making travel choices. We have evaluated our most frequently travelled routes and provided guidance on the most sustainable choices available to staff, to inform these choices, including the use of sleeper trains and ferries for long distance travel within the UK.

We operate in both England and Northern Ireland. All our air travel relates to travel of our England based staff to Northern Ireland, and our Northern Ireland based staff to England. In 2024/25, our funding in relation to our Northern Ireland functions grew by 52%, increasing the extent of our activities in Northern Ireland by a corresponding amount, and leading to an associated increase in travel between our Northern Ireland and Worcester locations.

We changed to a new travel supplier on 26 March 2024. Business travel reported in 2024/25 relates to all travel booked via our new supplier or by other means, in the year. A small amount of travel booked via our previous supplier, but undertaken in 2024/25, is not included. This means that business travel is likely to be understated in 2024/25.

| Measurement | 2025/26 | 2024/25 | 2023/24 |
|--|--------------------|---------------------|--------------------|
| Total kilometres (per FTE) | 212,813 (2,407) | 278,439 (3,433) | 209,715 (2,842) |
| Of which air travel (per FTE) | 67,795 (767) | 114,936 (1,417) | 80,791 (1,095) |
| Total Tonnes CO ₂ e (per FTE) | 17.2 (0.19) | 29.0 (0.36) | 19.5 (0.26) |
| Total Expenditure (per FTE) | £77,549 (£877) | £92,462 (£1,146) | £55,849 (£757) |



Business travel relates to travel to meet stakeholders, attend conferences and other activities necessary for the exercise of our functions. The total distance travelled and expenditure on travel this year reduced in absolute terms, and by a greater extent by FTE.

Minimising waste and promoting resource efficiency

Waste

All of our waste is generated within our office estate.

Most of our waste collection services are provided by our landlords. Data has been available from 1 January 2024, and therefore information for 2023/24 reflects three months of waste collection, and from 2024/25 twelve months. The data available is an apportionment of the total waste collected from the property of which we occupy around 25%. The data does not therefore directly reflect our own waste generation, rather the behaviours of all building occupants.

In 2023/24 we refurbished offices in Worcester, ahead of our occupation. In doing so, 0.35 tonnes of hazardous waste was removed. We are unable to report on non-hazardous waste relating to the refurbishment. This is not therefore included in the data reported meaning waste generated in 2023/24 is understated.

New rules requiring workplaces, including offices, to separate types of recyclable waste came into effect on 31 March 2025. We worked with our landlord to ensure that we comply with these new rules, introducing new food waste collection in year. We cannot measure this waste – volumes will be minimal.

We have minimised use of consumer single-use plastic. We provide reusable glass and tableware for staff in all our offices, and have made no use of single-use cups, cutlery and tableware. We have worked with external suppliers on the small number of occasions where catered meetings are held on or off site, to minimise the use of single-use recyclable packaging. Our landlord provides an onsite catering kiosk accessible to our staff, which makes some use of single-use plastic packaging. As opportunity arises, we will review procurement arrangements to seek to further reduce single-use plastics where this is feasible.

Water

Our water use relates to our office estate. Our water supply is not separately billed or metered, with communal facilities with other tenants in our Worcester sites. We have worked with our landlords in Worcester to obtain information in support of our sustainability action plan and this report. This became available during the third quarter of 2024/25. The data available is an apportionment of the total water used in the property of which we occupy around 25%. The data does not therefore directly reflect our own water use.

We have provided guidance to staff with practical steps for how to minimise water usage when making use of the office facilities, for example in using dishwashers and washing up facilities.

| Measurement | | 2025/26 | 2024/25 | 2023/24 |
|------------------------|---|-----------------|-----------------|----------------|
| Waste | Total tonnes (per FTE) | 0.95 (0.01) | 1.01 (0.01) | 0.05 (0.00) |
| | Tonnes waste reused or recycled (per FTE) | 0.61 (0.01) | 0.38 (0.00) | 0.01 (0.00) |
| | Tonnes waste incinerated with energy recovery (per FTE) | 0.34 (0.00) | 0.63 (0.01) | 0.05 (0.00) |
| | Waste composted (per FTE) | Not known | Nil | Nil |
| | Expenditure (per FTE) | £1,548 (£18) | £6,879 (£85) | £449 (£6) |
| Hazardous Waste | Tonnes | Nil | Nil | 0.35 (0.00) |
| Water | Consumption (m ³) (per FTE) | Not available | 57 (0.7) | Not available |

Reducing environmental impacts from ICT and Digital

We align with the Greening Government sustainable information technology strategy.

Our technology estate is provided by outsourced providers. All our suppliers were procured with sustainability in mind and have publicly stated Net Zero plans. This year,

we re-procured our principal ICT contract, and embedded sustainability considerations in the procurement design.

We make use of Microsoft Azure hosting and its virtual infrastructure. We use Office 365 and its cloud-based video and telephony services which supports our hybrid working workforce strategy and reduces the need for unnecessary travel for face-to-face meetings. Our suppliers provide data to track and report on scope 1,2 & 3 emissions from our IT infrastructure.

We have in the past leased IT equipment through a supplier who recycles and disposes of devices following our supplier's sustainability framework to minimise impact to the environment. All hardware was first assessed for recovery through reuse, repurposing, or donation to charitable or other good causes. Disposal and recycling was undertaken when recovery was unviable. Our disposal partners removed re-usable components and metals from devices for recycling with waste to landfill minimised and treated as a last resort. We disposed of one unit to landfill in 2025/26.

We have now moved to bought devices. We purchased devices with a number of sustainability features, including the use of recycled cobalt in batteries, the use of a variety of sustainable materials including post-consumer recycled plastic, ocean-bound plastic, bio-based plastic and reclaimed carbon fibre. Where economically viable, we will repair devices and if that is not possible, our supplier has access to second use markets, where devices can be reused or components recycled.



Natalie Prosser
Chief Executive and Accounting Officer

2 July 2026

Accountability report

Accountability report

This accountability report contains three sections: a corporate governance report; a remuneration and staff report and a governance statement. Together they show how the OEP has been governed, controlled and managed to contribute to environmental protection, and the improvement of the natural environment.

Corporate governance report

The directors' report

Board and senior leadership

Our board has the legal authority to exercise the OEP's functions. The composition of our board is described within the governance statement of this report.

The board derives its authority from the Environment Act 2021. The board provides strategic leadership, takes certain decisions and decides who is authorised to take other decisions. It operates in accordance with a [governance framework](#), which is published on our website.

The board has agreed a [delegation policy](#) which confirms the approach we take in exercising our functions and the arrangements in place to provide assurances that we are exercising them effectively and consistently. The board has delegated authority to the Chief Executive and certain other members of our staff for day-to-day leadership and management, and the exercise of specific decisions in support of our functions.

Executive leadership

The OEP's executive leadership team is formed by the Chief Executive and four Executive Directors. Each Executive Director and the Chief Executive was appointed on merit on the basis of fair and open competition, in line with Civil Service Recruitment Principles.

The executive leadership team in the period has been:

| Position | Position holder | Date of Appointment |
|--------------------------|---------------------------|--|
| Chief Executive | Natalie Prosser | 17 November 2021 [#] |
| General Counsel | Peter Ashford | 1 January 2022 to 5 June 2026 [~] |
| Chief of Staff | Richard Greenhous | 17 January 2022 |
| Chief Insights Officer | Professor Robbie McDonald | 20 September 2022 [*] |
| Chief Regulatory Officer | Helen Venn | 1 March 2022 |

[#] Natalie Prosser was appointed as Interim Chief Executive on 17 November 2021 for a fixed term to 30 June 2022 pending appointment of a permanent Chief Executive. Following a fair, open and competitive process, she was appointed as permanent Chief Executive on 1 May 2022.

^{*} On 20 September 2022, Professor Robbie McDonald was appointed as Chief Insights Officer on secondment from the University of Exeter on an interim basis, and on a long-term secondment on 13 March 2023. Both arrangements were on a 0.8 FTE basis. Following a fair, open and competitive process Professor McDonald was appointed on a permanent full-time basis from 1 November 2024.

~ Peter Ashford resigned from the position of General Counsel on 5 June 2026, after the reporting period ended.

The notice period for Executive Directors and permanently employed senior officials is three months. The composition of the management committees of the OEP is described in the governance statement of this report.

Statement of Accounting Officer's responsibilities

The Environment Act 2021 requires the OEP to prepare a statement of accounts in the form specified by the Secretary of State.

The Secretary of State for Defra has directed the OEP 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 the OEP and of its income and expenditure, statement of financial position 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 (FrM) and in particular to:

- observe the Accounts Direction issued by Defra, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in FrM have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on the 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 for Defra has designated the Chief Executive as Accounting Officer of the OEP. The responsibilities of an Accounting Officer are set out in Managing Public Money published by HM Treasury. These include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OEP's assets.

Preparation and audit of the accounts

The accounts have been prepared under the Accounts Direction given by the Secretary of State for Defra and are audited by the Comptroller and Auditor General.

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

Governance statement

The Accounting Officer is responsible for maintaining a system of internal control that supports the achievement of the OEP's policies, aims and objectives, while safeguarding public funds and departmental assets. This is in accordance with the responsibilities assigned in the HM Treasury publication [Managing Public Money](#).

The Accounting Officer ensured that proportionate controls were in place, and that these were applied in a system of effective governance. She received assurances during the period to ensure that these controls and the system of governance were effective.

This governance statement describes how these duties have been carried out by the Accounting Officer, the supporting structure and assurances in place in the period and those disclosures relevant to make in relation to the system of governance and control.

Overall system of governance

A framework document to set out the governance, accountability and funding arrangements between the OEP, Defra and DAERA was not in place during the period. In the absence of a framework document, we followed relevant guidance and standards including Managing Public Money and Cabinet Office Spend Controls.

The board agreed in principle to a draft framework document prepared in conjunction with HM Treasury, Defra and DAERA officials in July 2023, and confirmed its in principal agreement to a document in substantially the same form in April 2026, just after period end. This was agreed by Defra, DAERA and HM Treasury and published in May 2026. We have worked to the intended requirements of this document where appropriate whilst this was being agreed by Defra and DAERA. Many of the likely expectations of the framework document once agreed have therefore been in place throughout the period.

Our internal governance framework has been designed to comply with HM Treasury's Code of Good Practice for Corporate Governance, as is appropriate for an independent non-departmental public body, and consistent with the Environment Act 2021. Our operations are designed to comply with the mandatory requirements of the relevant government functional standards.

Our arrangements differ in limited circumstances set out here. The board has decided not to constitute a nominations committee and instead consider such matters itself.

The Head of Finance and Corporate Services is the senior officer responsible for finance and holds the role of Finance Director envisaged by Managing Public Money. The board decided these arrangements to be proportionate for the size and nature of the OEP and the complexity of our operations. The Head of Finance and Corporate Services attends the executive committee, has a right of attendance at all meetings of the board, and to give advice to the Accounting Officer and the board at their discretion at any time.

In 2022/23, the arrangements for our governance were reviewed by Defra under the Cabinet Office's Arm's-length Body Review programme. It found the OEP to be in good health, with plans in place to meet the minimum requirements of an Arm's-length Body. [The 12 recommendations of this review are published.](#)

The board

The board is the legal authority of the OEP. The Environment Act 2021 sets out how its members are to be appointed.

The Chair is appointed jointly by the Secretary of State for Environment, Food and Rural Affairs and DAERA. Two to five non-executive board members are appointed by the Secretary of State for Environment, Food and Rural Affairs in England. One non-executive member is appointed by DAERA.

Natalie Prosser, the first permanent Chief Executive was appointed by the Chair on 1 May 2022. Future Chief Executives are to be appointed by the board.

The board must also appoint one to three employees as executive members. The board has decided to appoint one executive director in rotation as a member of the board, except for the General Counsel. Until his appointment as a permanent employee of the OEP on 1 November 2024, Professor Robbie McDonald was not eligible to be appointed as an executive member of the board.

There have been changes to the composition of the board in the period. At the end of June 2025, the Secretary of State for Environment, Food and Rural Affairs appointed Caroline May and Professor Elizabeth Fisher to the board and reappointed Dr Paul Leinster CBE and Professor Dan Laffoley for a second term. Professor Richard Macrory CBE's appointment came to an end at the same time.

Dame Glenys Stacey's appointment as Chair ended in January 2026 after a five-year term. The Secretary of State for Environment, Food and Rural Affairs and DAERA jointly appointed Julie Hill MBE as Interim Chair until 31 May 2026. This appointment took effect from 1 February 2026.

On 21 May 2026 the Secretary of State and DAERA jointly appointed Dame Helen Ghosh as Chair after a fair and open competition and following pre-appointment scrutiny by Parliament. This appointment took effect from 1 June 2026.

In the period, the board was therefore formed by:

| Appointee | Role | Term |
|----------------------|---|--|
| Malcolm Beatty OBE | Non-executive member appointed by DAERA | 1 April 2022 to 31 March 2027 |
| Professor Liz Fisher | Non-executive member appointed by Defra | 1 July 2025 to 30 June 2029 |
| Richard Greenhous | Executive member appointed by the OEP | 1 February 2022 to 31 July 2022 1 February 2023 to 31 July 2023 1 February 2024 to 31 July 2024 31 July 2025 to 31 Jan 2026 |

| Appointee | Role | Term |
|-------------------------------|---|---|
| Julie Hill MBE | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2024 1 July 2024 to 30 June 2028 |
| | Interim Chair | 1 February 2026 to 31 May 2026 |
| Professor Dan Laffoley | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2025 1 July 2025 to 31 December 2026 |
| Dr Paul Leinster CBE | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2025 1 July 2025 to 31 December 2026 |
| Professor Richard Macrory CBE | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2024 1 July 2024 to 31 March 2025+ 1 April 2025 to 30 June 2025+ |
| Caroline May | Non-executive member appointed by Defra | 1 July 2025 to 30 June 2029 |
| Professor Robbie McDonald | Executive member appointed by the OEP | 1 February 2025 to 31 July 2025 |
| Natalie Prosser | Chief Executive | From 17 November 2021~ |
| Dame Glenys Stacey DBE | Chair | 1 February 2021* to 31 January 2026 |
| Helen Venn | Executive member appointed by the OEP | 1 August 2022 to 31 January 2023 1 August 2023 to 31 January 2024 1 August 2024 to 31 January 2025 1 February 2026 to 31 July 2026 |

* These appointments were made on a designate basis before the OEP was legally created, and became appointments to the board of the OEP on 17 November 2021, when the OEP was legally created.

~ The Chief Executive is an ex-officio member of the board and so this appointment has no determined end date.

+ Professor Richard Macrory's term was extended for the period from 1 July 2024 to 31 March 2025, and from 1 April 2025 to 30 June 2025. In each case the extension was to the earlier of the end date or such time as additional appointments to the board were made by the Secretary of State for Environment, Food and Rural Affairs. Professor Macrory's appointment to the board ended on 30 June 2025.

The board held seven ordinary and five extraordinary meetings and two strategy days from 1 April 2025 to 31 March 2026. Minutes and papers of board meetings are published on [our website](#), ordinarily within two months of being approved by the board.

The regular business of the board included: agreeing minutes from previous meetings and the matters arising; considering a report of the Chief Executive setting out progress in delivering our strategic objectives; considering reports about finance and risk and other matters escalated by the Chief Executive.

In addition, the board regularly considered decisions reserved to it in law, under our delegation policy or escalated to it by the Chief Executive. This included approval of: our annual report to Parliament on progress in improving the natural environment in England; advice to Ministers, or departments of the Northern Ireland Executive; decisions to begin new investigations into potential failures to comply with environmental law by a public authority, and to give an information notice or decision notice in relation to these investigations; reports into the implementation of environmental law; our annual report and accounts; our corporate plan and budget, and; significant policies, contracts and other corporate matters.

Data and information were provided to the board within the formal reports it received. This included information on complaints received, risks, progress in delivering our corporate plan and certain other performance information as set out elsewhere in this report. All information provided to the board was scrutinised and assured by the executive leadership in advance. The board judged the information it received proportionate and of appropriate quality.

The board's ordinary meetings alternate between meetings in person and online. In the period, the board held in person meetings in Belfast, and our office in Worcester.

Committees of the board

In the period there was one committee of the board, the audit and risk assurance committee (ARAC). The ARAC is a permanent sub-committee of the board to support it and the Chief Executive as Accounting Officer in their responsibilities for risk, control and governance. It also oversees internal and external audit arrangements covering both financial and non-financial matters.

The ARAC met five times in the period. It is chaired by Dr Paul Leinster CBE and Professor Dan Laffoley is a second non-executive board member. An independent member is also appointed to the ARAC to bring expertise relevant to the ARAC's remit. The Head of Internal Audit and external auditor also routinely attended and reported to the ARAC.

| Appointee | Role | Term |
|-------------------|---|--|
| Kieran Rix, FCPFA | Independent member appointed by the OEP | 1 January 2022 to 31 December 2024 1 January 2025 to 31 December 2026 |

The regular business of the ARAC included: agreeing minutes from previous meetings; considering an action tracker; considering the financial report; considering the risk report; considering deep dives into areas of strategic risk in accordance with a programme decided by the ARAC; considering reports from our internal and external auditors; considering reports on health and safety, mandatory training completion, fraud, security and whistleblowing.

In addition, the ARAC considered other business. This included recommending the annual report and accounts to the board for approval; considering the audit planning report; considering the internal audit opinion; considering significant policies relevant to its work.

Board effectiveness

The Chair conducted a review of the effectiveness of the board in the period. This found the board to remain effective and that the structure, ways of working, business and administration of the board and its committees to support effective decision making and enable the OEP to succeed. The Board agreed an action plan for improvements including to the timely administration of board business, establishing a medium-term development programme for board members, and clarifying the role of the board in stakeholder engagement and in acting as a critical friend for projects. These are being implemented in accordance with the plan the board agreed.

The effectiveness of the board was last independently reviewed in 2023/24, and actions agreed in response to this review have been completed.

Board and committee attendance

The board has adopted a [governance framework](#) to govern its business. This includes a code of conduct for the board consistent with the [seven principles of public life](#) and the [code of conduct for board members of public bodies](#).

Members' attendance at the board and committees on which they served is shown below:

| Appointee | Board Meetings | Strategy Day | ARAC |
|---------------------------|------------------|---------------|-------------|
| Malcolm Beatty OBE | 9 of 12 (75%) | 1 of 2 (50%) | n/a |
| Professor Liz Fisher | 8 of 9 (88%) | 1 of 1 (100%) | n/a |
| Richard Greenhous | 7 of 7 (100%) | 1 of 1 (100%) | n/a |
| Julie Hill MBE | 11 of 12 (92%) | 1 of 2 (50%) | n/a |
| Prof. Dan Laffoley | 12 of 12 (100%) | 2 of 2 (100%) | 5/5 (100%) |
| Dr. Paul Leinster CBE | 12 of 12 (100%) | 1 of 2 (50%) | 5/5 (100%)* |
| Prof. Richard Macrory CBE | 3 of 3 (100%) | 1 of 1 (100%) | n/a |
| Caroline May | 9 of 9 (100%) | 0 of 1 (0%) | n/a |
| Prof. Robbie McDonald | 4 of 4 (100%) | 1 of 1 (100%) | n/a |
| Natalie Prosser | 10 of 12 (83%) | 2 of 2 (100%) | n/a |
| Kieran Rix | n/a | n/a | 4/5 (80%) |
| Dame Glenys Stacey DBE | 11 of 11 (100%)* | 2 of 2 (100%) | n/a |
| Helen Venn | 0 of 1 (0%) | n/a | n/a |

* denotes the chair.

Executive Directors not appointed to the Board, the Head of Finance and Corporate Services, Head of Communications and Strategic Engagement and the Head of Business Strategy and Planning routinely attend meetings of the Board, workshops and relevant committee meetings. The Northern Ireland Lead routinely attends the Board for items related to our work in Northern Ireland. Other staff members attend to support the consideration of business before the board.

In the calendar year of 2025, a Boardroom Apprentice, appointed under the Ministry of Communities, Housing and Local Government's boardroom apprenticeship scheme observed meetings of the board and committee and contributed to discussion. They did not participate in any decision making of the board.

Significant interests

On appointment, and at least every 12 months, board members and executive directors are required to complete a declaration of interests in which they must disclose any financial and non-financial interests of their own, their partner or any immediate family members. In addition, any new interests are required to be declared as they arise. Where a member's interest may represent a conflict, arrangements are put in place by the Chair to manage the risk.

As a further safeguard, at the start of each board meeting, members are asked to declare if they have any interests which they believe conflict with any item on the meeting agenda. This is recorded in the minutes.

The directorships and other significant interests of members of the board and its committees within the last three years are shown below.

During the year, Julie Hill MBE and Dr Paul Leinster CBE were recused from discussions and decisions relating to items of the board’s business in light of their previous roles as a board member and Chief Executive of the Environment Agency respectively.

| Name | Type of interest | Organisation | Start date | End date |
|--------------------|--------------------|---|------------|----------|
| Malcolm Beatty OBE | Director | Field Studies Council | n/a | n/a |
| | Director | Centre Ministries | n/a | n/a |
| | Governor | St Colman’s High School & Sixth Form College | n/a | n/a |
| | Fellow | Chartered Institute of Public Finance and Accountancy | n/a | n/a |
| | Fellow | Institute of Chartered Foresters | n/a | n/a |
| | Fellow | Royal Society of Biology | n/a | n/a |
| Prof. Liz Fisher | Professor | University of Oxford, Faculty of Law | 2008 | n/a |
| | Fellow and Trustee | Corpus Christ College, Oxford | 2000 | n/a |
| | Committee Member | Oxford University Press | 2019 | n/a |
| | General editor | Oxford Journal of Legal Studies | 2021 | 2025 |
| | Secretary | Oxford Law Club | 2000 | n/a |
| Richard Greenhous | None to declare | | | |

| Name | Type of interest | Organisation | Start date | End date |
|--------------------|---|---|------------|------------|
| Julie Hill MBE | Chair and board member | Waste and Resources Action Programme (WRAP) | n/a | 2022 |
| | Board member | Accelerating Growth Fund (subsidiary of WRAP) | n/a | 2022 |
| | Chair, advisory committee on social science | Food Standards Agency | 2018 | 2022 |
| | Chair | Institution of Environmental Sciences | n/a | April 2026 |
| | Associate | Green Alliance | 1997 | 2021 |
| | Fellow | Royal Society of Arts | n/a | n/a |
| | Advisory Board member | Etsaw Ventures | 2023 | 2025 |
| | Chair | Expert Advisory Group to the Enhanced Rock Weathering Greenhouse Gas Removal Demonstrator | n/a | 2025 |
| | Honorary Professor in Practice | Institute for Sustainable Resources, University College London | 2024 | 2025 |
| | Visiting Professor | University of Surrey | 2019 | 2025 |
| Prof. Dan Laffoley | Chief Strategist and Chair | Horizons – Mission Blue Hope Spot Council | 2023 | n/a |
| | Director | Sargasso Sea Commission | n/a | n/a |
| | Emeritus Marine Chair's Advisory Group | IUCN World Commission on Protected Areas | 2022 | n/a |
| | Fellow | Marine Biology Association | n/a | n/a |
| | Fellow | Royal Geographical Society | n/a | n/a |
| | Fellow | Linnean Society | n/a | n/a |
| | Fellow | Royal Society of Biology | n/a | n/a |
| | Overseas Fellow | The Explorers' Club | n/a | n/a |

| Name | Type of interest | Organisation | Start date | End date |
|---------------------------|--|--|------------|----------|
| Dr Paul Leinster CBE | Chair | bpha Housing Association | 2018 | 2024 |
| | Non-executive director | Flood Re Ltd | 2015 | 2023 |
| | Non-executive director | Delphic HSE Ltd | 2015 | n/a |
| | Chair | Water Resources East Ltd | 2021 | 2026 |
| | Chair | Bedfordshire Local Nature Partnership | 2016 | n/a |
| | Chair | Upper Bedford Ouse Catchment Partnership | 2023 | n/a |
| | Chair | Oxford Cambridge Pan Regional Partnership | 2023 | 2025 |
| | Fellow | Royal Society of Chemistry | n/a | n/a |
| | Trustee | Bromham Baptist Church | n/a | 2023 |
| | Chair | Great Ouse Rivers Trust | 2024 | 2025 |
| | Chair | East West Rail Advisory Forums for BNG and Water | 2025 | n/a |
| Chair | Cambridge Water Scarcity Group | 2024 | n/a | |
| Prof. Richard Macrory CBE | Master of the Bench | Grays Inn | n/a | n/a |
| | Honorary Patron | UK Environmental Law Association | n/a | n/a |
| | Honorary Fellow | Chartered Institute of Waste Management | n/a | n/a |
| Caroline May | Partner | Norton Rose Fulbright LLP | 2006 | n/a |
| Prof. Robbie McDonald | Professor and Chair in Natural Environment | University of Exeter | 2011 | 2024 |
| | Honorary Visiting Professor | University of Exeter | 2024 | n/a |
| | Fellow | Royal Society of Biology | 2022 | n/a |
| | Trustee and vice-chair | Vincent Wildlife Trust | 2017 | 2024 |
| | Chair | Vincent Wildlife Trust | 2024 | 2026 |
| Natalie Prosser | Lay advisor | Warwickshire multi-agency public protection arrangements (MAPPA) | 2019 | 2025 |
| | Association of Chief Executives | Board Member | 2025 | n/a |

| Name | Type of interest | Organisation | Start date | End date |
|--------------------|-------------------------|--|------------|----------|
| Kieran Rix | Director | Electoral Commission | 2018 | 2023 |
| | Chief Operating Officer | Independent Commission for Reconciliation and Information Recovery | 2024 | 2025 |
| | Director | London & Partners Ltd. | 2024 | 2024 |
| | Managing Director | London & Partners Ltd. | 2025 | n/a |
| | Fellow | Chartered Institute of Public Finance & Accountancy | n/a | n/a |
| Dame Glenys Stacey | Non-Executive Director | HM Prison and Probation Service | 2025 | n/a |
| | Chair | Tetbury Hospital Trust | 2023 | 2025 |
| Helen Venn | Non-executive director | Environmental Trust Scheme Regulatory Body | 2024 | 2026 |

The directorships and other significant interests of executive directors who are not members of the board are as follows:

| Name | Type of interest | Organisation | Start date | End date |
|---------------|------------------|--------------|------------|----------|
| Peter Ashford | None to declare | | | |

All staff are required to complete declarations of interests in accordance with our conflicts of interest policy at least annually. New declarations are required on change of job role, and as need arises. Where a staff member's interest may represent a conflict, arrangements are put in place to manage the risk. For staff employed as Heads of Function, these arrangements are subject to additional assurance, with the outcome reported to the Audit and Risk Committee.

Records of specific declarations of interest and associated controls are maintained within each investigation and enforcement activity and each procurement exercise, as an additional and supplementary control.

Executive governance

The Chief Executive established an executive committee to advise her in the discharge of her delegated authority from the board and to provide leadership for the business of the OEP.

The executive committee is constituted by the Chief Executive and the Executive Directors. The Head of Business Strategy and Planning, the Head of Finance and Corporate Services, the Head of Communications and Strategic Relations and the Northern Ireland Lead routinely attend the executive committee where business relates to their responsibilities. The Data Protection Officer has the right to attend the executive committee. Other staff members attend as necessary to support the executive committee's deliberations.

The business of the executive committee included the assurance of information provided to the board and the analysis supporting recommendations for the decisions of the board. It also regularly considered finance; people issues and organisational performance and risk.

Risk management

Our risk framework defines the approach to identify, manage and report on risk decided by the board, and scrutinised by the ARAC. It is based on, complies with and is implemented in accordance with the main principles of HM Treasury's [Orange Book: Management of Risk – Principles and Concepts](#). An amended risk framework was considered by the ARAC in May 2024 before being adopted.

All OEP staff have responsibility for identifying and escalating risks. All decisions of the executive committee, board and any board committee are supported by an analysis of risk.

Risks to the OEP's objectives and strategic goals are escalated to the strategic risk register, which is reviewed by the executive committee no less than quarterly. The strategic risk register is scrutinised by the ARAC in each of its meetings and considered by the board quarterly. The management of operational risk is delegated to executive directors, supported by operational risk champions in each directorate and by project leads for each significant project.

In accordance with the draft framework document, we report relevant risks to Defra and DAERA on a quarterly basis which could have an impact beyond the OEP, and which require a wider approach to mitigate and control. These can be escalated within Defra or DAERA to the appropriate governance forums in which they can be managed.

Our approach to managing risk was provided an assessment of substantial assurance in the internal audit in 2022/23. ARAC has played an active role in further developing the approach, supporting improvements in risk recording and reporting and the setting and monitoring of risk tolerances for each of our strategic risks, to guide mitigative actions and controls.

During the period, the board undertook a risk workshop to identify potential new and emerging areas of risk and ensure that the strategic risk register accurately reflected the key risks to our mission and strategic objectives. This resulted in some changes to the definition of specific risks, one addition to the register and the de-escalation of some risks.

Risks recorded throughout the period include:

Risks that we do not have the influence we intend in each of England and Northern Ireland. Our work supports environmental protection and improvement when it influences the behaviour of government, public authorities and others through the evidence and recommendations we present. We mitigate this risk through engagement with those who must understand, engage with and act on our work, and the objective, evidence-led and impartial basis to our findings. We have developed the approach we take to measure our impact, over time.

A risk that public authorities do not cooperate sufficiently to enable us to deliver our work. Much of our work requires cooperation from public authorities, including through the provision of information. All public authorities have a duty to cooperate with us, set out in the Environment Act. We work with Defra, DAERA and other public authorities to enable effective cooperation develop processes and principles to improve effective and efficient co-operation between us, and to escalate issues as appropriate.

A risk that the OEP's funding is insufficient for future years. We set out above our assessment that we were sufficiently funded to fulfil our functions in the period but highlight risks to the sufficiency of our funding in future years. This risk increased in year, in light of confirmation that our resources will remain static in England for two further years – five consecutive years in total, and in Northern Ireland for 2026/27. The continuing one-year funding, and delays to confirmation of our funding in Northern Ireland increases the likelihood and impact. The board has actively considered the impact of this risk on our strategy, priorities and approaches, with some plans to mitigate implemented, and some continuing, including through the review of our strategy in future.

A risk that a cyber security or business continuity event causes disruption to the OEP. We have controls in place through the contractual arrangements for our information management technology and estate, which we independently assure through internal audit and health checks. Our business continuity policy also mitigates.

A new risk was added in light of the board's review.

A risk of insufficient capacity in leadership and other critical roles owing to staff turnover. This was added in a period where the succession of the Chair's role was unclear. Many of our leaders and staff in critical roles have been in post for five years, and joined at or around the same time, as we were established.

During the year, the following risks were de-escalated to be managed by Executive Directors

A risk that the OEPs has a material under or overspend because we are increasingly effective and confident in managing this risk, as demonstrated by the reduced underspend reported.

Financial governance and control

We continued to strengthen our system of financial governance and control during the reporting period, enhancing the quality, clarity and timeliness of our financial reporting. We increased reliance on system generated assurance and reduced the need for manual intervention, improving both efficiency and robustness. The ARAC played a key role in shaping these improvements, ensuring our reporting meets the needs of all users and aligns with recognised good practice.

We also increased regular engagement between Finance and Executive Directors in their roles as budget holders, supporting clearer accountability and more informed financial decision making across the organisation. Work continued to address relevant actions from previous internal and external audit recommendations on financial governance and control, with remaining actions progress monitored and reported to ARAC throughout the year. In addition, we procured a new finance system, which will further strengthen financial governance and control when implemented in August 2026.

Financial delegations are approved by the Board and operate within a broader framework of oversight and control, providing assurance that delegated decisions are taken appropriately.

Internal Audit

The Government Internal Audit Agency (the GIAA) is appointed to provide the OEP's internal audit service in March 2022. The ARAC agreed an internal audit plan for 2025/26 in February 2025 within an indicative three-year audit programme.

Three out of five planned audit activities were delivered in 2025/26. Fieldwork for the final two planned activity planned was completed in year, with final audit reports received in 2026/27.

| Audit | Assurance |
|--|-----------|
| Review of HR & payroll system (Staffology) | Moderate |
| Expenses | Moderate |
| Northern Ireland Operations | Moderate |
| Procurement system* | Limited |
| Programme and project management* | Moderate |

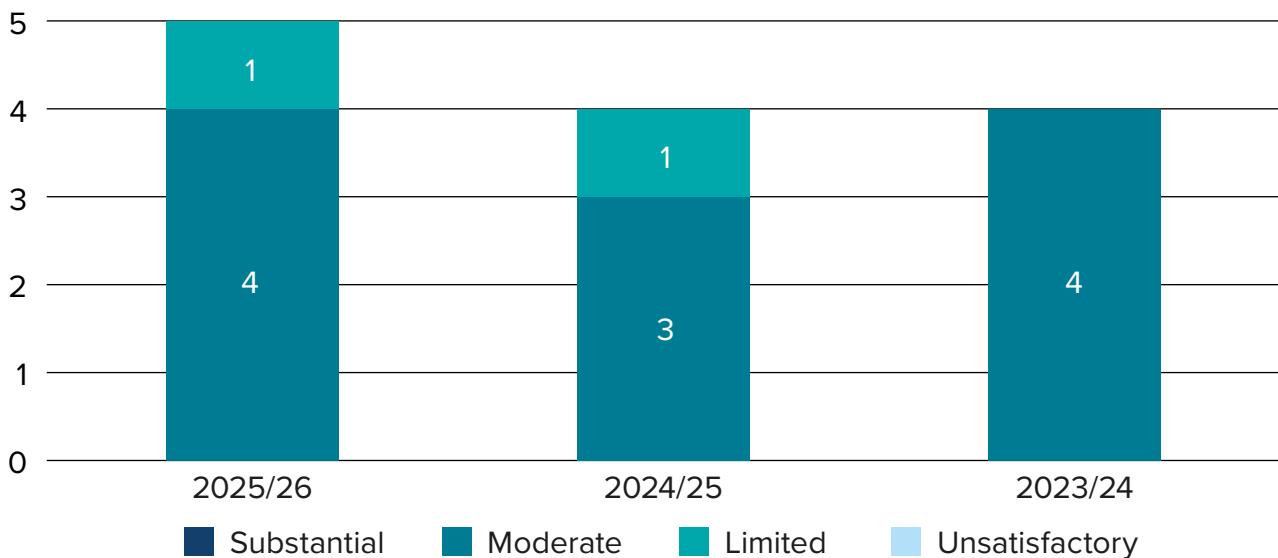
* reported after period end

The GIAA uses four classifications to summarise its opinion of its assurance on the matters subject to audit: substantial, moderate, limited or unsatisfactory.

The Head of Internal Audit annual opinion and report to the ARAC for 2025/26 assessed their assurance of our framework of governance, risk management and control as moderate in its overall adequacy and effectiveness. This is the same as the prior year and means that some improvements are required to enhance the adequacy and effectiveness of the frameworks.

A summary of individual audits received across the last three years is as follows.

| Assurance opinion in individual audit reports | 2025/26 | 2024/25 | 2023/24 |
|---|----------|----------|----------|
| Substantial | 0 | 0 | 0 |
| Moderate | 4 | 3 | 4 |
| Limited | 1 | 1 | 0 |
| Unsatisfactory | 0 | 0 | 0 |
| Overall assurance | Moderate | Moderate | Moderate |



We agreed a response to each of the 14 recommendations made during the course of the GIAA's work during the year. At the end of the year, the status of recommendations made in individual audits in each of the last three years was as follows. There are no actions outstanding from years prior to those set out

| Status of recommendations made in financial year | 2025/26 | 2024/25 | 2023/24 |
|--|---------|---------|---------|
| Cleared | 6 | 7 | 9 |
| Overdue | 1 | 2 | 0 |
| Not yet due | 7 | 0 | 0 |

Progress in implementing these was reported to the ARAC. None of the recommendations were rated as a high priority by the auditors. Overdue actions have arisen either because their completion is dependent on the work and agreement of stakeholders, or where planned work has been rescheduled to ensure capacity to implement a new finance system.

Whistleblowing

We are committed to high standards of integrity, honesty, objectivity and impartiality in all that we do, including through our arrangements for whistleblowing from our staff. We received no internal whistleblowing reports. Internal whistleblowing is reported to ARAC. The OEP became prescribed person in law in Northern Ireland in November 2022 and in England in December 2022. As a prescribed person, the OEP can receive whistleblowing reports from employees of public authorities in England or Northern Ireland who wish to raise concerns about wrongdoing, risk, or malpractice, relating to environmental law at their workplace.

We review every whistleblowing report we receive. Four whistleblowing disclosures were received from individuals external to the OEP in the period. We complete assessments of the matters raised within qualifying disclosures to determine if there is evidence of a potential serious failure to comply with environmental law and the scope for resolving any non-compliance, guided by our strategy and enforcement policy. Three of these assessments are ongoing. One assessment is complete and concluded information

does not indicate that the potential failures to comply with environmental law, if they occurred, would be serious.

We received six further whistleblowing reports which did not qualify as whistleblowing disclosures, as they did not relate to a public authority's compliance with environmental law. These were handled in line with our general procedures for enquiries.

Information management and data security

We have policy and procedures to ensure information assets are handled appropriately. All OEP staff were asked to complete information data handling courses within induction processes, and annually. Compliance with such mandatory training is reported to the ARAC.

There were no data security lapses that were deemed to be significant or critical during the period. There were no personal data incidents to report to the Information Commissioners' Office.

There have been four non-reportable incidents during this period. The ARAC received reports in the year to provide assurance on the management of these. All incidents were resolved, and appropriate controls were put in place where necessary.

Business continuity plans

We developed a business continuity policy and plan, which was agreed in April 2023 after scrutiny by the ARAC. We experienced no business continuity events. We will develop test plans in respect of our policy and plan. The development of this test plan has not proceeded as quickly as planned and will be completed in a future year.

Business-critical analytical models

The OEP had no business-critical analytical models in the reporting period. We [published a methodological statement](#) alongside our annual report on progress in improving the natural environment in England setting out our assessment approach, including the data sources we used, our analytical methods and the stakeholder engagement we undertook.

Fraud

We maintain a robust approach to fraud prevention and detection, underpinned by our [Counter Fraud Policy, including Fraud Response Plan](#). This document sets out our commitment to integrity, transparency, and accountability in all financial and operational matters.

Key measures in place during the reporting period included:

- Mandatory training on fraud, bribery, and corruption for all staff, ensuring awareness and understanding of risks and responsibilities.
- Active participation in Defra's counter fraud networks, fostering collaboration and shared learning across government departments.
- Regular reporting to the Audit and Risk Assurance Committee (ARAC), with fraud and error updates provided at each of its meetings throughout the year.

There were no reported instances of fraud during the reporting period.

Remuneration and staff report

The OEP has its own independent employment contracts, recruitment and remuneration policies, which are separate from Defra and DAERA. We are a Non-Departmental Public Body (NDPB) accredited with the Civil Service Commission which means that while OEP staff are not civil servants, the OEP adheres to Civil Service Recruitment Principles and its recruitment policies and procedures. Having been reviewed by the Commission, we are adjudged to be compliant.

The OEP applies Senior Civil Service (SCS) terms for the remuneration of the CEO and Executive Directors. Remuneration policy for grades below Executive Director is decided by the OEP. The board has decided to abide by the public sector pay controls and public sector pay terms and guidance.

Service contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit, on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. While OEP staff are not civil servants but public servants we have chosen to adopt a recruitment approach which is consistent with these principles.

Unless otherwise stated below, the officials covered by this report hold appointments 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.

Further information about the work of the Civil Service Commission can be found on the [Civil Service Commission website](#).

Remuneration policy

The remuneration of the Senior Civil Service (SCS) (and therefore the OEP's Executive Directors, as opted into this policy) is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB). The Cabinet Office advises departments in March or April each year of the government's response to the SSRB recommendations and produces guidance for departments and network bodies to follow.

The OEP developed the Chief Executive, and Executive Directors Reward Strategy within the Cabinet Office Framework, ensuring that the overall pay awards for the Executive Directors are within the cost ceiling allowed.

The Chief Executive and Executive Directors are eligible to be considered for individual levels of bonus as non-pensionable, non-consolidated variable pay (NCVP), based on their performance. NCVP is paid in the financial year after that in which it was earned. NCVP values, informed by each individual's appraisal grade, are paid within Cabinet Office guidelines.

Remuneration-salary, benefits-in-kind and pensions (audited)

The following sections provide details of the remuneration and pension interests of the OEP's Executive Directors and Chief Executive.

Single total figure of remuneration

| Officials | Salary (£'000) | | Bonus payments (£'000) | | Pension benefits (to nearest £1,000) | | Pension benefits** (to nearest £1,000) | | Benefits-in-kind (to nearest £100) | | Total (£'000) | |
|--|----------------|---------|------------------------|---------|--------------------------------------|---------|--|---------|------------------------------------|---------|---------------|---------|
| | 2025/26 | 2024/25 | 2025/26 | 2024/25 | 2025/26 | 2024/25 | 2025/26 | 2024/25 | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| Natalie Prosser Chief Executive | 125-130 | 120-125 | 5-10 | 5-10 | (1) | 70 | – | – | – | – | 130-135 | 200-205 |
| Helen Venn Chief Regulatory Officer | 105-110 | 100-105 | 0-5 | 0-5 | 43 | 39 | – | – | – | – | 150-155 | 145-150 |
| Richard Greenhous Chief of Staff | 100-105 | 95-100 | 5-10 | 5-10 | 22 | 58 | – | – | – | – | 125-130 | 160-165 |
| Robbie McDonald Chief Insights Officer*** | 115-120 | 45-50 | 0-5 | 0-5 | 45 | 15 | – | – | – | – | 160-165 | 65-70 |
| Peter Ashford General Counsel | 100-105 | 95-100 | – | – | 38 | 38 | – | – | – | – | 135-140 | 135-140 |

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 increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

*The 2024/25 bonus figures have been restated to reflect bonuses paid in 2025/26, in line with FReM guidance to disclose bonuses paid in-year.

**The 2024/25 pension benefit figures have been restated for Helen Venn and Richard Greenhous as a result of an administrative error at the pension administrator.

***Prof. Robbie McDonald was in a permanent post from 4 November 2024. Figures quoted in 2024/25 are for the period 1 April 2024 to 31 March 2025. The full year equivalent annual salary banding for 2024/25 is £130,000 to £135,000.

Third party payments 2025/26 (audited)

| Officials | Total costs (£'000) | |
|--|---------------------|--------------------------------------|
| | 2025/26 | 2024/25 |
| Prof. Robbie McDonald Chief Insights Officer | – | 75-80 (full year equivalent 130-135) |

Prof. Robbie McDonald joined the OEP on secondment from the University of Exeter on 20 September 2022 on a 0.8 FTE basis until 31 October 2024. He was permanently employed on a full-time basis throughout 2025/26. The costs shown in this table are based on accrued costs made by the OEP in each financial year and comprise the total costs of the secondment including Basic Salary, Bonus, Pension, National Insurance, Apprenticeship Levy and VAT that will be charged to the OEP by the University of Exeter.

Salary

‘Salary’ includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the OEP and thus recorded in these accounts. None of our permanent employees are paid a London, recruitment or retention allowance.

Benefits-in-kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Bonuses – (audited)

Bonuses are based on performance and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2025/26 relate to performance in 2025/26 except for SCS bonuses which are disclosed in line with the approach set out above.

Fair Pay Disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation’s workforce.

| | 2025/26 | 2024/25 |
|---|---------|---------|
| Band of highest paid director total remuneration | 130-135 | 125-130 |
| Of which: salary component | 125-130 | 120-125 |
| 50th percentile (median) total pay and benefits (£) | 57,010 | 55,571 |
| Of which: salary component | 56,375 | 54,731 |
| Ratio | 2.3 | 2.3 |
| 25th percentile (lower) total pay and benefits (£) | 43,381 | 42,220 |
| Of which: salary component | 42,665 | 41,220 |
| Ratio | 3.1 | 3.1 |
| 75th percentile (higher) total pay and benefits (£) | 60,905 | 60,352 |
| Of which: salary component | 42,665 | 41,220 |
| Ratio | 2.2 | 2.1 |

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The median remuneration, 25th percentile pay remuneration and the 75th percentile pay remuneration is based on annualised, full-time equivalent remuneration as at the end of the financial year. Employee remuneration includes temporary employees and secondees covering staff vacancies but excludes consultancy services.

The highest-paid director remuneration was 2.3 (2024/25: 2.3) times the median remuneration of the workforce, which was £57,010 (2024/25: £55,571). The increase in the remuneration of the highest-paid director in 2025/26 was 3.5%, of which 3.2% relates to salary.

The average percentage change from 2024/25 in the salary and allowances of OEP employees was an increase of 2.5%.

The median pay ratio for 2025/26 is consistent with the pay ratio for 2024/25 and in line with the pay, reward and progression policies for the OEP's employees taken as a whole.

In 2025/26, no employees received remuneration in excess of the highest-paid director (2024/25: nil employees). Employee remuneration including the highest paid director ranged from £25,000 to £30,000 to £130,000 to £135,000 (2024/25: £25,000 to £30,000 to £125,000 to £130,000).

Compensation for loss of office (audited)

There have been no ex-gratia payments or amounts paid during the year in respect of compensation to former senior managers or to third parties for services of a senior manager (2024/25: £nil).

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, are in alpha.

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 remedy¹ 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 2025 and 31 March 2026, reflects the fact that membership 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

¹ www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

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.

The pension figures quoted for officials in this report show combined pension earned in all schemes as appropriate.

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.

Senior Management pension in £'000 (audited)

| Officials | Accrued pension at pension age as at 31/3/2026 and related lump sum (£'000) | Real increase in pension and related sum at pension age (£'000) | CETV at 31/3/2026 to nearest (£1,000) | CETV at 31/3/2025 to nearest (£1,000) | Real increase in CETV to nearest (£1,000) |
|---|---|---|---------------------------------------|---------------------------------------|---|
| Natalie Prosser Chief Executive | 40-45 | 0-2.5 | 742 | 713 | (16) |
| Peter Ashford General Counsel | 10-15 | 0-2.5 | 134 | 102 | 21 |
| Richard Greenhous Chief of Staff | 35-40 plus a lump sum of 80-85 | 0-2.5 plus a lump sum of 0 | 719 | 670 | 8 |
| Helen Venn Chief Regulatory Officer | 60-65 | 2.5-5 | 995 | 921 | 33 |
| Robbie McDonald Chief Insights Officer | 0-5 | 2.5-5 | 54 | 13 | 32 |
| Taking account of inflation, the CETV funded by the employer has increased overall in real terms | | | | | |

No employer contributions were made to partnership pension accounts during 2025/26 (2024/25: £nil) in respect of the OEP's executive.

External board and ARAC members (audited)

Membership details of the board and the ARAC are detailed in the Governance Statement. The following annual fees and benefits-in-kind were paid to the Chair, non-executive directors and external ARAC members:

| Official | 2025/26 | | 2024/25 | |
|----------------------------------|---------------------|------------------------------------|---------------------|------------------------------------|
| | Annual fees (£'000) | Benefits-in-kind (to nearest £100) | Annual fees (£'000) | Benefits-in-kind (to nearest £100) |
| Dame Glenys Stacey DBE | 45-50 | – | 55-60 | – |
| Julie Hill MBE | 25-30 | – | 20-25 | – |
| Prof. Dan Laffoley | 20-25 | – | 20-25 | – |
| Dr. Paul Leinster CBE | 20-25 | – | 20-25 | – |
| Malcolm Beatty OBE | 20-25 | – | 20-25 | – |
| Prof. Richard Macrory CBE | 5-10 | – | 20-25 | – |

| Official | 2025/26 | | 2024/25 | |
|------------------|---------------------|------------------------------------|---------------------|------------------------------------|
| | Annual fees (£'000) | Benefits-in kind (to nearest £100) | Annual fees (£'000) | Benefits-in kind (to nearest £100) |
| Prof. Liz Fisher | 15-20 | – | – | – |
| Caroline May | 15-20 | – | – | – |
| Kieran Rix FRPFA | – | – | – | – |

- The terms of appointment of board members are set out in the governance statement. The full year equivalent annual fees for members not appointed through the full period are:
 - Dame Glenys Stacey £55-60k.
 - Julie Hill MBE as a member of the board £20-25k. Julie Hill MBE as Interim Chair £55-60k.
 - Prof. Richard Macrory MBE £20-25k.
 - Prof. Liz Fisher £20-25k.
 - Caroline May £20-25k.
 - Kieran Rix is an independent member of the Audit and Risk Assurance Committee. The role is unremunerated.
- Benefits in kind relate to reimbursement of home to office travel and reimbursement.
- In previous years, partnerships pensions were incorrectly offered to our non-executive directors, contrary to their appointment terms. This error was identified in 2024/25 and in November 2025 the OEP withdrew from the Nest pension scheme and wrote off the total cost of the contributions worth £3,540 (2025/26: £637.20; 2024/25: £2,902.80). No employer contributions and employee deductions were made to partnership pensions from October 2025/26.

Staff Report

Staff numbers (audited)

At 31 March 2026 we employed 98 staff (92.6 FTE – audited), compared with 94 staff (88.7 FTE – audited) in the prior year.

| | 2025/26 | | 2024/25 | |
|----------------------------|---------------------------|---------------|---------------------------|---------------|
| | Number of staff (audited) | FTE (audited) | Number of staff (audited) | FTE (audited) |
| Permanent staff | 84 | 80 | 80 | 75.8 |
| Fixed-term appointed staff | 8 | 7.4 | 5 | 4.8 |
| Seconded staff | 6 | 5.2 | 8 | 7.1 |
| Temporary staff | – | – | 1 | 1.0 |
| Total staff | 98.0 | 92.6 | 94 | 88.7 |

Seconded staff are supplied by other government bodies (5 staff, 4.4 FTE), or other organisations outside of government (1 staff, 0.8 FTE) under a range of terms. Temporary staff are supplied by employment agencies.

The number of full-time equivalent permanent and temporary staff during the period and an analysis of staff-in-post (headcount) by gender are shown on page 82 and 83.

We comply with the equal opportunities legislation and OEP policies on Equality, Diversity and Inclusion (including disability) and Health and Safety.

Staff recruitment

The average number of full-time equivalent employees during the year ended 31 March 2026 was as follows:

| Staff | Permanent staff (FTE) | Fixed-term appointed staff (FTE) | Seconded staff (FTE) | Temporary staff (FTE) | 2025/26 Total | 2024/25 Total |
|--------------------|-----------------------|----------------------------------|----------------------|-----------------------|---------------|---------------|
| Chief of Staff | 25.8 | 1.8 | 0.8 | 0.1 | 28.5 | 25.6 |
| General Counsel | 14.3 | 1.5 | 0.8 | 0.0 | 16.6 | 14.8 |
| Insights | 17.0 | 1.3 | 1.6 | 0.0 | 19.9 | 16.2 |
| Regulatory | 21.7 | 0.0 | 1.7 | 0.0 | 23.4 | 22.8 |
| Total staff | 78.8 | 4.6 | 4.9 | 0.1 | 88.4 | 79.4 |

The number of staff-in-post (headcount) by gender as at 31 March 2026 was as follows:

| Staff | 2025/26 | | | 2024/25 | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | Male | Female | Total | Male | Female | Total |
| Executive members on the board (all SCS) | 2 | 2 | 4 | 2 | 2 | 4 |
| Directors (excluding executive members of the board) (all SCS) | 1 | – | 1 | 1 | – | 1 |
| Other | 37 | 56 | 93 | 35 | 54 | 89 |
| Total staff | 40 | 58 | 98 | 38 | 56 | 94 |
| Non-executive members of the board | 3 | 3 | 6 | 4 | 2 | 6 |

Reporting of Civil Service and other compensation schemes – exit packages (audited)

The OEP pension benefits are provided through the Civil Service Pension Scheme. Redundancy and other departure costs are therefore paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure or earlier where a demonstrable commitment exists.

There were no payments in 2025/26 relating to early retirement, redundancies or loss of office (2024/25 – £nil).

Staff Turnover

Staff turnover in the year was 13.57% (2024/25 21.42%), this includes planned ends to secondments and contingent labour contracts. Excluding secondees, short term contracts and contingent labour, underlying turnover was 2.26%, reflecting the departure of two permanent employees during the year.

Staff costs (audited) in £

Staff costs consist of the following:

| | 31 March 2026 | | | 31 March 2025 | | |
|-----------------------------|------------------------------|-------------------|------------------|------------------------------|-------------------|------------------|
| | Permanently employed staff £ | Temporary staff £ | 2025/26 Total £ | Permanently employed staff £ | Temporary staff £ | 2024/25 Total £ |
| Wages and salaries | 4,782,354 | 335,668 | 5,118,022 | 4,163,973 | 339,439 | 4,503,412 |
| Social security costs | 686,837 | 45,293 | 732,130 | 499,280 | 41,172 | 540,452 |
| Other pension costs | 1,353,109 | 75,826 | 1,428,935 | 1,143,513 | 73,971 | 1,217,484 |
| Total | 6,822,300 | 456,787 | 7,279,087 | 5,806,766 | 454,582 | 6,261,348 |
| Agency staff | | | 3,217 | | | 77,678 |
| Non-Executive Director fees | | | 113,900 | | | 102,000 |
| Total staff costs | | | 7,396,204 | | | 6,441,026 |

Pensions

Pension benefits provided through the Civil Service pension arrangements are paid from an unfunded multi-employer defined benefit scheme and we are unable to identify our share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2020. Details are provided in the resource accounts of the Cabinet Office: Civil Superannuation, www.civilservicepensionscheme.org.uk.

For 2025/26, employers' contributions of £1,319,522 were payable to the Principal Civil Service Pension Scheme (PCSPS) at 28.97% of pensionable earnings. This is in line with equivalent 2024/25 employers' contribution taking into account staffing levels (2024/25: £1,144,791). The Scheme Actuary reviews employer contributions usually every four years following a full scheme evaluation. The contribution rates are set to meet the cost of the benefits accruing during 2025/26 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions were also paid in relation to secondees and establishment support from Defra.

No individuals retired early on ill-health grounds during the year and therefore no additional pension liabilities have been accrued for this purpose.

Sickness and absence data

The total full-time equivalent days lost through staff sickness absence in the year was 427.7 days (2024/25 211.3 days). The average working days lost per employee during the year was 4.8 days per FTE (2024/25 2.7 days per FTE). Short term sickness absences of 35 days or less was an average of 3.2 days per FTE (2024/25 2.7).

We offer 3 days paid leave per year to support staff undertake unpaid volunteering activities as described in our policy ([OEP Special Leave Policy & Processes](#)), 27 days were taken by or staff for this purpose during the reporting period.

Tax arrangements of public sector appointees

As part of HM Treasury's review of tax arrangements of public sector appointees, departments and their arms-length bodies are required to publish information in relation to the number of off payroll engagements costing over £245 per day that were in place as at 31 March 2026.

All of our existing off-payroll engagements have at some point been subject to a risk-based assessment to determine whether the contract is within the scope of IR35.

| Number of existing engagements as at 31 March 2026 | |
|---|---|
| Of which, number that have existed: | |
| Less than 1 year | – |
| For between 1 and 2 years | – |

Some of our contractors were engaged in the year to temporarily fulfil roles that will be on payroll once recruitment has been completed. For all off-payroll appointments engaged at any point during the year ended 31 March 2026 and earning at least £245 per day.

| Number of appointments in force between 1 April 2025 and 31 March 2026 | | 1 |
|---|--|---|
| Of which: | | |
| Number determined as in-scope of IR35 | | 1 |
| Number determined as out-of-scope of IR35 | | – |
| Number of engagements reassessed for compliance or assurance purposes during the period | | – |

Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2025 and 31 March 2026.

| | | 2025/26 |
|---|--|---|
| Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility | | – |
| Total number of individuals on-payroll and off-payroll that have been deemed “board members, and/or senior officials with significant financial responsibility” | | Board members x 4 (CEO x 1, Directors x 3) |
| | | Non-Executive Directors x 8 |

Consultancy and temporary staff expenditure

| | 2025/26 | 2024/25 |
|-----------------------------|--------------|----------------|
| Consultancy* | – | 51,204 |
| Temporary staff expenditure | 3,218 | 77,678 |
| Total | 3,218 | 128,882 |

During 2025/26 the Office for Environmental Protection did not incur consultancy expenditure. £1.017m expenditure incurred in 2024/25 was reclassified from Consultancy (2024/25: £1.625m) to research and evidence activities to align with Defra classification guidance. Expenditure on temporary staff has provided additional resources to meet short term needs and cover for the backlog in filling vacancies.

Health and safety

Our policies and procedures are based on Defra group practice, and our Health & Safety lead engages with the cross-Defra Health & Safety group to utilise best practice. No work-related incidents were reported by employees during 2025/26. ARAC receive reports on Health and safety incidents (along with instances of fraud, security incidents, whistleblowing and mandatory trainings completion updates) at each of its meetings. There was no material incidents reported in the year.

People Survey

Our annual staff survey took place in February 2026. Our staff engagement score was 86% (89% in March 2025), which is 13% higher than the public sector benchmark.

Trade union facility time

Our Partnership Agreement with the Prospect Union has been in place since 1 June 2023. The Agreement forms the basis of our ongoing engagement with the Union in terms of consultation, negotiation, the election of representatives and disputes.

In accordance with the requirements of the TU (Facility Time Publication requirements) Regulations 2017, the following is a summary of facility time during 2025/26.

Number of employees who were relevant union officials during the relevant period.

| Total number | FTE |
|--------------|------|
| 3 | 0.07 |

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

| Percentage | Number of employees |
|------------|---------------------|
| 0% | 0 |
| 1-50% | 3 |
| 51-99% | 0 |
| 100% | 0 |

Percentage of the total pay bill spend on facility time.

| | |
|---|------------|
| Total cost of facility time | £5,749 |
| Total pay bill | £7,396,204 |
| Percentage of the total pay bill spend on facility time | 0.08% |

Paid TU activities

| | |
|--|-------|
| Time spent by trade union officials during the financial year on paid trade union activities as a percentage of total paid facility time hours | 80.6% |
|--|-------|

There is no statutory entitlement to paid time off to undertake TU activities.

Parliamentary accountability and audit report

Regularity of expenditure (audited)

We have considered all our activities during the year and confirm that they are in accordance with the legislation authorising them.

Losses and special payments (audited)

Managing Public Money requires a statement showing losses and special payments by value and type to be shown where they exceed £300,000 in total, and those individually that exceed £300,000.

Losses may relate to cash and stores losses; book-keeping losses; losses arising from failure to make adequate charge for the use of public property or services, fruitless payments, and claims abandoned as well as frauds. Special payments may relate to extra contractual, extra statutory, and ex gratia payments and compensation.

There were no losses or special payments that need to be reported in accordance with Managing Public Money.

Contingent liabilities (audited)

There were no contingent liabilities as at 31 March 2026.

Remote contingent liabilities (audited)

In addition to contingent liabilities reported within the meaning of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, the OEP discloses, for parliamentary reporting and accountability purposes, liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability.

As at 31 March 2026 the OEP has a contingent liability subject to legal privilege for which details are not given to avoid prejudicing the position of the organisation, of which the likelihood of future outflow of economic resources is considered unlikely as of March 2026.



Natalie Prosser

Chief Executive and Accounting Officer

2 July 2026

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Northern Ireland Assembly

Opinion on financial statements

I certify that I have audited the financial statements of the Office for Environmental Protection for the year ended 31 March 2026 under the Environment Act 2021.

The financial statements comprise the Office for Environmental Protection's

- Statement of Financial Position as at 31 March 2026;
- 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 the Office for Environmental Protection's affairs as at 31 March 2026 and its total comprehensive net expenditure for the year then ended; and
- have been properly prepared in accordance with the Environment Act 2021 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 (2024)*. 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 2024*. I am independent of the Office for Environmental Protection 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 the Office for Environmental Protection'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 the Office for Environmental Protection'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 the Office for Environmental Protection 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 Chief Executive as 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 Environment Act 2021.

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 Environment Act 2021; and

- the information given in the Performance and Accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Office for Environmental Protection 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 the Office for Environmental Protection 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 Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the board and Chief Executive as the Accounting Officer are 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 the Office for Environmental Protection 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 Environment Act 2021;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Environment Act 2021; and
- assessing the Office for Environmental Protection'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 Chief Executive as the Accounting Officer anticipates that the services provided by the Office for Environmental Protection 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 Environment Act 2021.

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 the Office for Environmental Protection's accounting policies.
- inquired of management, Office for Environmental Protection and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Environmental Protection'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 the Office for Environmental Protection's controls relating to the Office for Environmental Protection's compliance with the Environment Act 2021, Managing Public Money;

- inquired of management, the Office for Environmental Protection’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;
- discussed with the engagement team 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 the Office for Environmental Protection for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management’s estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Office for Environmental Protection’s framework of authority and other legal and regulatory frameworks in which the Office for Environmental Protection 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 the Office for Environmental Protection. The key laws and regulations I considered in this context included Environmental Act 2021, Managing Public Money, employment law, pensions legislation and tax Legislation.

I considered results of inquiries of management and internal general counsel; internal reporting on fraud; and our wider understanding of the organisation and its control processes, including consideration of management override of controls.

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 concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and 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; and
- I addressed the risk of fraud, non-compliance with laws and regulations and irregularity through:
 - reviewing transactions for indicators of fraud;
 - conducting inquiries of management and internal general counsel; and
 - reviewing minutes of board and ARAC meetings.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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. 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

Date 3 July 2026

Comptroller and Auditor General

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

Financial statements

Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2026

| | | 31 March 2026 | 31 March 2025 |
|---|------|-------------------|-------------------|
| | Note | £ | £ |
| Operating costs | | | |
| Staff | 2 | 7,396,204 | 6,441,026 |
| Other operating costs | 3 | 2,966,578 | 3,739,828 |
| Depreciation | 3 | 303,280 | 273,093 |
| Finance costs (interest expense on lease liabilities) | 3 | 34,139 | 35,706 |
| Total comprehensive net expenditure for the year | | 10,700,201 | 10,489,653 |

The Notes on pages 100 to 110 form part of these accounts.

Statement of Financial Position as at 31 March 2026

| | Note | 31 March 2026 | | 31 March 2025 | |
|--|------|---------------|--------------------|---------------|--------------------|
| | | £ | £ | £ | £ |
| Non-current assets | | | | | |
| Property, plant and equipment | 4 | 1,022,792 | | 1,203,263 | |
| Right of use Assets | 5 | 706,089 | | 808,175 | |
| Total non-current assets | | | 1,728,881 | | 2,011,438 |
| Current assets | | | | | |
| Trade and other receivables | 6 | 303,523 | | 162,692 | |
| Cash and cash equivalents | 7 | 343,154 | | 470,298 | |
| Total current assets | | | 646,677 | | 632,990 |
| Total assets | | | 2,375,558 | | 2,644,428 |
| Current liabilities | | | | | |
| Trade and other payables | 8 | (1,170,920) | | (1,643,708) | |
| Lease liabilities | 9 | (99,225) | | (95,860) | |
| Total current liabilities | | | (1,270,145) | | (1,739,568) |
| Total assets less current liabilities | | | 1,105,413 | | 904,860 |
| Non-current liabilities | | | | | |
| Lease liabilities | 9 | (669,217) | | (768,443) | |
| Total non-current liabilities | | | (669,217) | | (768,443) |
| Total assets less total liabilities | | | 436,196 | | 136,417 |
| Taxpayers' equity | | | | | |
| General fund | | 436,196 | | 136,417 | |
| Total taxpayers' equity | | | 436,196 | | 136,417 |

The Notes on pages 100 to 110 form part of these accounts.



Natalie Prosser

Chief Executive and Accounting Officer

2 July 2026

Statement of Cash Flows for the year ended 31 March 2026

| | | 31 March 2026 | 31 March 2025 |
|---|-------|---------------------|---------------------|
| | Note | £ | £ |
| Cash flows from operating activities | | | |
| Total Comprehensive Net Expenditure | SOCNE | (10,700,201) | (10,489,653) |
| (Increase)/Decrease in trade and other receivables | 6 | (140,831) | 22,933 |
| Increase/(Decrease) in trade and other payables | 8 | (472,788) | 83,250 |
| Interest on lease liability | 3 | 34,139 | 35,706 |
| Depreciation on IFRS16 RoU asset | 5 | 102,086 | 102,086 |
| Depreciation on non IFRS16 RoU assets | 4 | 201,194 | 171,007 |
| Net cash inflow/(outflow) from operating activities | | (10,976,401) | (10,074,671) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (20,723) | (171,567) |
| Net cash outflow from investing activities | | (20,723) | (171,567) |
| Cash flows from financing activities | | | |
| Grants from sponsoring department | SOCTE | 10,999,980 | 10,355,310 |
| Direct costs associated with IFRS16 RoU asset | 9 | (130,000) | (130,000) |
| Net cash inflow from financing activities | | 10,869,980 | 10,225,310 |
| Net increase/(decrease) in cash and cash equivalents in the year | 7 | (127,144) | (20,928) |
| Cash and cash equivalents at the beginning of the year | 7 | 470,298 | 491,226.00 |
| Cash and cash equivalents at the end of the year | 7 | 343,154 | 470,298.00 |

The Notes on pages 100 to 110 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2026

| | | General fund | Total taxpayers' equity |
|-------------------------------------|------|----------------|-------------------------|
| | Note | £ | £ |
| Balance at 31 March 2024 | | 270,760 | 270,760 |
| Total Comprehensive Net Expenditure | | (10,489,653) | (10,489,653) |
| Financing by Defra & Daera | | 10,355,310 | 10,355,310 |
| Balance at 31 March 2025 | | 136,417 | 136,417 |
| Total Comprehensive Net Expenditure | | (10,700,201) | (10,700,201) |
| Financing by Defra & Daera | | 10,999,980 | 10,999,980 |
| Balance at 31 March 2026 | | 436,196 | 436,196 |

The Notes on pages 100 to 110 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts have been prepared under a direction issued by the Secretary of State for DEFRA under the Environment Act 2021.

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

The financial statements are prepared on a going concern basis both on a financial basis and consistent with the FReM 2025/26 continued provision of service basis.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historic cost convention. The OEP recognises reporting expenditure when it is incurred rather than when it is paid and where there is an obligation to pay suppliers based on agreed amounts, contractually, or by another form of mutual agreement.

1.2 Property, plant and equipment

Any expenditure on individual capital items above £1,000 is capitalised to the statement of financial position. This includes tangible and intangible items which are classified as assets in accordance with IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”.

The capitalisation threshold was determined by reviewing the threshold of other ALBs and Defra and considering the OEP’s comparative size.

Property, plant and equipment are carried at fair value. In accordance with the FReM, the OEP has adopted depreciated historical cost as a proxy for fair value for classes of assets which have short useful lives and/or low individual values. These asset classes include IT equipment, furniture, fixtures and fittings and leasehold improvements.

This approach is considered appropriate as:

- the useful economic lives applied are a realistic reflection of the life of the assets; and
- the straight-line method of depreciation provides a realistic reflection of the consumption of economic benefits.

The OEP has assessed whether the application of indexation or alternative valuation methodologies would result in a materially different carrying value and has concluded that this would not be material.

Cost includes the purchase price, including import duties and non-refundable taxes, and any directly attributable costs necessary to bring the asset to the location and condition for its intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset; otherwise, it is expensed in profit or loss as incurred.

Assets under construction are carried on the Statement of Financial Position (SoFP) at accumulated cost with depreciation commencing when the asset is completed and available to be brought into service. Balances are regularly reviewed to ensure that they only include costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment held by the OEP as assets under construction at 1 April 2023 (see note 4) were transferred to Leasehold improvements in the year end 31 March 2024 when the assets were brought into use. Right of Use assets are detailed in note 5.

1.3 Depreciation

Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Depreciation is charged from the date the asset is brought into service and is not charged on assets under construction.

The range of useful economic lives for each class of assets is:

| Class | Duration |
|----------------------------------|----------|
| Leasehold improvements | 10 years |
| IT Equipment | 5 years |
| Furniture, Fixtures and Fittings | 7 years |

1.4 Leased Assets

The OEP applies IFRS 16 as interpreted and set out in the FReM.

At lease commencement date, the OEP recognises the Right of Use asset and lease liability on the Statement of Financial Position. The Right of Use assets comprise the initial measurement of the corresponding lease liability excluding VAT, lease payments made at or before the commencement day and any initial direct costs. As permitted by the FReM, right-of-use assets are subsequently measured using the cost model as a proxy for fair value in accordance with the FReM. This is because lease terms require lease payments to be updated for market conditions, for example, rent reviews for leased properties, which will be captured in the IFRS 16 cost measurement provisions. Right-of-use assets also have shorter useful lives and values than their respective underlying assets, and, as such, the cost can be used as a proxy for assets with shorter economic lives or lower values in accordance with the FReM.

Right of Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The assets useful life and impairment is reviewed annually, and adjusted if appropriate, at the end of the reporting period.

Where the interest rate cannot be readily determined within a lease, the OEP has calculated the lease liability using the discount rates set out in the latest HM Treasury's Public Expenditure System paper as the incremental borrowing rate which for the 2026 calendar year is 5.32% but the rate used is the rate applicable when calculating the initial lease liability in 2023 which is 3.51%.

A low value exemption threshold can be applied to the cost of an underlying asset when new; this has been applied in some instances (less than £5,000). For these leases,

payments are recognised as an operating expense on a straight-line basis over the term of the lease.

As mandated by the FReM, the practical expedient that an entity should not reassess whether a contract is, or contains, a lease at the date of initial application has been applied.

1.5 OEP Grant-in-aid

Grant-in-aid is provided by Defra to finance activities and expenditure which supports the statutory and other objectives of the OEP. A portion of the amount (£1,900,000) that is paid by Defra to the OEP relates to funding received from DAERA, that is subsequently passed onto the OEP. Activity for Defra and DAERA is not invoiced or reported as income, but an authority to spend is delegated to the OEP along with deliverable objectives. The Net Parliamentary Funding is recorded as a movement in Taxpayers' Equity.

1.6 Value Added Tax (VAT)

The OEP does not provide taxable supplies and is therefore not able to register for VAT. Input tax cannot therefore be recovered and amounts are stated inclusive of VAT.

1.7 Currency

The functional and presentational currency of the OEP is sterling.

1.8 Pensions

Employees of the OEP are covered by the provisions of a career average basis scheme called alpha, which is described in the Remuneration and staff report on page 74.

The OEP recognises the expected cost of these pension schemes on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of amounts calculated on an accruing basis. Liability for future benefits is a charge on the pension scheme on an accruing basis. The OEP also contributes to one defined contribution pension scheme.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

The carrying amount of these assets approximates their fair value. Bank overdraft amounts are included within trade and other payables in the Statement of Financial Position.

1.10 General Fund

The General Fund represents the total assets less liabilities of the OEP, to the extent that the total is not represented by other reserves. Financing by Defra and DAERA is credited to the General Fund through monthly cash forecast returns submitted to Defra.

1.11 Critical accounting judgements and key sources of estimation uncertainty

The Chief Executive Officer, in her capacity as Accounting Officer, uses judgement in making estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions

are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the accounting period in which the estimate is revised, and if the revision also affects future periods in these periods as well. In reviewing these estimates, we consider the extent to which these could possibly vary and whether such a variation could indicate the need for a material adjustment to the accounts.

There is nothing in the current review to indicate that a variation of a material amount could arise.

There were no critical judgements, that the Chief Executive Officer, in her capacity as Accounting Officer, that were made in the process of applying the OEP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of 1 entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities would be recognised in the balance sheet if the OEP became a party to the contractual provisions of an instrument.

The OEP has no borrowings and relies primarily on Grant-in-Aid from Defra and DAERA for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling, so it is not exposed to significant currency risk.

1.13 Applicable accounting standards issued but not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation and Disclosure in Financial Statements and is effective for reporting periods beginning on or after 1 January 2027 in the private sector. The impact of IFRS 18 on the public sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 19 Subsidiaries without public accountability: disclosures

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the public sector is still being assessed and a decision has not yet been taken on an implementation date.

1.14 Changes to Accounting Policy

IFRS 17 Insurance Contracts

IFRS17 Insurance Contracts is effective for the public sector from 1 April 2025. The standard replaces IFRS4 and introduces a new model for the recognition and measurement of insurance contracts. The OEP has assessed its portfolio of contracts and can conclude that it has no insurance contracts thus is not impacted by IFRS17.

2. Staff and other costs

| | 31 March 2026 | | | 31 March 2025 | | |
|-----------------------------|----------------------------|-----------------|------------------|----------------------------|-----------------|------------------|
| | Permanently employed staff | Temporary staff | 2025/26 Total | Permanently employed staff | Temporary staff | 2024/25 Total |
| | £ | £ | £ | £ | £ | £ |
| Wages and salaries | 4,782,354 | 335,668 | 5,118,022 | 4,163,973 | 339,439 | 4,503,412 |
| Social security costs | 686,837 | 45,293 | 732,130 | 499,280 | 41,172 | 540,452 |
| Other pension costs | 1,353,109 | 75,826 | 1,428,935 | 1,143,513 | 73,971 | 1,217,484 |
| Total | 6,822,300 | 456,787 | 7,279,087 | 5,806,766 | 454,582 | 6,261,348 |
| Agency staff | | | 3,217 | | | 77,678 |
| Non-executive Director fees | | | 113,900 | | | 102,000 |
| Total staff costs | | | 7,396,204 | | | 6,441,026 |

No staff costs have been capitalised.

Individual contractors engaged to fill temporary or permanent vacancies, or provide additional resource are included within staff costs.

Where firms have been engaged to provide services, they are not considered to be employees and are excluded from staff costs in note 2 and are reflected within professional fees in note 3.

3. Other operating costs

| | 31 March 2026 | 31 March 2025 |
|---|------------------|------------------|
| | £ | £ |
| IT costs | 863,114 | 899,252 |
| Recruitment costs | 35,509 | 39,994 |
| Corporate service recharge* | – | 11,392 |
| Consultancy costs** | – | 51,204 |
| Research and evidence costs | 1,017,122 | 1,624,686 |
| Professional fees | 247,647 | 354,126 |
| Other operating costs*** | 629,735 | 539,360 |
| External Auditors' remuneration | 50,000 | 53,410 |
| Internal Audit fees | 67,198 | 62,465 |
| Training costs | 56,253 | 103,939 |
| IFRS16 Leasehold Property Depreciation | 102,086 | 102,086 |
| Non IFRS16 Depreciation | 201,194 | 171,007 |
| Finance costs (interest expense on lease liabilities) | 34,139 | 35,706 |
| Total | 3,303,997 | 4,048,627 |

*Human Resource Services and facilities provided by Defra make up the 2024/25 Corporate services recharge. Defra have confirmed this to be £nil in 2025/26.

**Research and evidence costs have been presented separately from Consultancy costs in 2025/26 following DEFRA guidance.

***Other operating costs comprise travel and subsistence, printing and design, premises-related costs (including rent and rates), subscriptions and other general administrative expenses such as room hire, office supplies and communications.

During the year ended 31 March 2026, the OEP received no non-audit services from the NAO.

4. Property Plant and Equipment

| | Leasehold Improvements | Furniture, Fixtures & Fittings | IT Equipment | Total |
|--|---------------------------|--------------------------------------|-----------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| 01 April 2025 | 826,700 | 232,720 | 397,999 | 1,457,419 |
| Additions | – | – | 20,723 | 20,723 |
| Transfers | – | – | – | – |
| Disposals | – | – | – | – |
| At 31 March 26 | 826,700 | 232,720 | 418,722 | 1,478,142 |
| Depreciation | | | | |
| 01 April 2025 | 130,531 | 47,225 | 76,400 | 254,156 |
| On disposals | – | – | – | – |
| Charge for the year | 87,021 | 33,246 | 80,927 | 201,194 |
| At 31 March 26 | 217,552 | 80,471 | 157,327 | 455,350 |
| Net book value | | | | |
| Carrying Value at 31 March 2025 | 696,169 | 185,495 | 321,599 | 1,203,263 |
| Carrying Value at 31 March 2026 | 609,148 | 152,249 | 261,395 | 1,022,792 |
| Asset financing: | | | | |
| Owned | 609,148 | 152,249 | 261,395 | 1,022,792 |
| Leased | – | – | – | – |
| Carrying Value at 31 March 2026 | 609,148 | 152,249 | 261,395 | 1,022,792 |

5. Leases

5.1 Right of Use assets

| Buildings | |
|-------------------------|----------------|
| | £ |
| At 1 April 2025 | 808,175 |
| Additions | – |
| Disposal | – |
| Depreciation expense | (102,086) |
| At 31 March 2026 | 706,089 |

| Buildings | |
|-------------------------|----------------|
| | £ |
| At 1 April 2024 | 910,261 |
| Additions | – |
| Disposal | – |
| Depreciation expense | (102,086) |
| At 31 March 2025 | 808,175 |

On 31 March 2023 the OEP entered into a new lease for a permanent office space in Worcester which was available for immediate use. The office space was utilised by the OEP from October 2023.

6. Trade receivables and other current assets

Amounts falling due within one year

| | 31 March 2026 | 31 March 2025 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Other debtors | 2,789 | 8,192 |
| Prepayments | 300,734 | 154,500 |
| Total receivables | 303,523 | 162,692 |

7. Cash and cash equivalents

| | 31 March 2026 | 31 March 2025 |
|--|------------------|------------------|
| | £ | £ |
| Balances held start of year | 470,298 | 491,226 |
| Net cash inflow | (127,144) | (20,928) |
| Total balance | 343,154 | 470,298 |
| The following balances were held at 31 March: | | |
| Government Banking Services | 343,154 | 470,298 |
| Total balance | 343,154 | 470,298 |

8. Trade payables and other current liabilities

Amounts falling due within one year

| | 31 March 2026 | 31 March 2025 |
|---|------------------|------------------|
| | £ | £ |
| Due to Defra and its agencies | 145,722 | 133,534 |
| Other taxation and social security | 160,325 | 126,801 |
| Trade payables* | 246,130 | 744,820 |
| Pension liability | 141,748 | 130,342 |
| Accruals | 476,995 | 508,211 |
| Total trade payables and other liabilities | 1,170,920 | 1,643,708 |

*Trade payables principally comprise amounts outstanding to suppliers.

The OEP considers that the carrying amount of trade and other payables approximates to their fair value.

9. Lease liabilities

9.1 Lease liabilities

| | 31 March 2026 | 31 March 2025 |
|---|------------------|------------------|
| | £ | £ |
| Not later than one year | 130,000 | 130,000 |
| Later than one year and not later than five years | 520,000 | 520,000 |
| Later than five years | 260,000 | 390,000 |
| Less interest element | (141,558) | (175,697) |
| Present value of obligations | 768,442 | 864,303 |
| Current portion | 99,225 | 95,860 |
| Non-current portion | 669,217 | 768,443 |
| Present value of obligations | 768,442 | 864,303 |

9.2 Elements in the Statement of Comprehensive Net Expenditure

| | 31 March 2026 | 31 March 2025 |
|--|------------------|------------------|
| | £ | £ |
| Expense related to low-value asset leases (office equipment) | 43,965 | 44,530 |

9.3 Prior year leases

Each individual asset is an individual lease and each falls below the £5,000 low value threshold under IFRS16.

9.4 Cash outflow for leases

| | 31 March 2026 | 31 March 2025 |
|-------------------------------|------------------|------------------|
| | £ | £ |
| Total cash outflow for leases | 130,000 | 130,000 |

10. Capital commitments

As at 31 March 2026, there are no capital commitments in excess of one year which require disclosure. Contracts held by Defra, which benefit the OEP, are included in the annual notional recharge of costs, but do not represent long term OEP commitments. (2024/25: £nil).

11. Contingent assets and contingent liabilities disclosed under IAS 37

Contingent assets

The OEP has no contingent assets.

Contingent liabilities

The OEP has no contingent liabilities.

12. Other financial commitments

The four-year contract for End User Computing (supplier: Boxxe Ltd) expired on 30 September 2025. Following a competitive tendering process through a public sector framework, Boxxe were awarded a four-year replacement contract commencing 1 October 2025, with an estimated value of £2.42 million over the contract term.

There are no other financial commitments in excess of one year which require disclosure. Contracts held by Defra, which benefit the OEP, are included in the annual notional recharge of costs, but do not represent long term OEP commitments. (2024/25: Nil).

13. Related party transactions

The OEP is an Arm's Length Non-Departmental Public Body within the Defra group. Defra is therefore regarded as a related party. During the year the OEP has carried out a number of non-material transactions with Defra in the normal course of business. The OEP had non-material transactions with the following entities within the Defra group for which Defra is regarded as the parent department:

Environment Agency, Natural England, and Forestry Commission.

No board member, chief officer or senior manager has undertaken any material transactions with the OEP. Further information on Board members and chief officers can be found in the remuneration and staff report pages 74 to 87.

The OEP has had non-material transactions with other government departments, HM Revenue & Customs, Cabinet Office, HM Courts and Tribunals Service, OFQUAL, Health and Safety Executive, Institute of Regulation and Northern Ireland Civil Service

14. Events after the reporting period

In accordance with IAS 10, events after 31 March 2026 are considered up to the date on which the financial statements are authorised for issue. The Accounting Officer authorised the issue of these financial statements on the date of the Comptroller and Auditor General's audit certificate.

On 21 May 2026, Dame Helen Ghosh DCB, was officially appointed as the Chair of the OEP board following a fair and open competition and following pre-appointment scrutiny by Parliament. This appointment took effect from 1 June 2026.



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