

The Government is committed to sustainable development, a better environment in the UK and internationally, enabling a thriving rural economy and delivering a sustainable future for food and farming. This Spending Review delivers an additional £421 million in 2005-06 compared with 2002-03, representing an average increase of 2.7 per cent per year in real terms. This includes:

- investment totalling over £500 million over the three years of the Review in sustainable food and farming, including funding rising to £200 million a year in 2005-06 to implement the core recommendations of the Curry Commission, such as a new 'broad and shallow' agri-environmental scheme and significant extra spending on animal health; and
- spending on flood and coastal defences rising by over £150 million in 2005-06, compared with 2002-03.

## SUSTAINABLE DEVELOPMENT

**16.1** Many of the Government functions and policy levers needed to deliver sustainable development were brought together by the creation of the Department for Environment, Food and Rural Affairs (DEFRA) in June 2001. DEFRA is taking a joined-up approach to improving the environment both here in the UK and internationally. The commitment to sustainable development is seen in DEFRA's Public Service Agreement (PSA) which includes the following new targets:

- promote sustainable development across government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development (see Box 16.1); and
- reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people.

### **Box 16.1: Promoting sustainable development – DEFRA's PSA target**

All departments have a role to play in delivering sustainable development, but DEFRA has a particular responsibility, providing leadership across government and the wider public sector, and in the private and voluntary sectors.

This leadership role is reflected in DEFRA's new PSA target. Whether taking the lead in UK preparations for the World Summit on Sustainable Development, chairing the Cabinet Sub-Committee of Green Ministers, or monitoring and reporting progress against the Government's 15 headline indicators, DEFRA has a key responsibility to promote a better quality of life for everyone, now and for generations to come.

## Waste and recycling – a cornerstone of sustainable development

**16.2** A key element in delivering a sustainable future for the UK is the management and recycling of waste. In this Review the Government is making provision for Local Authorities to address the long-term challenge of municipal waste growth and the shift away from landfill disposal, and to meet the shorter-term challenges of fridge disposal and reform of hazardous waste legislation.

**16.3** Additional investment must be accompanied by reform. The Government will take final decisions on additional resources, and other policy measures, when the conclusions of the report by the Performance and Innovation Unit (PIU) into sustainable waste management are published in autumn 2002. Following the recent public consultation, decisions on the landfill tax and the future of the Landfill Tax Credit Scheme will be announced at the same time.

**16.4** Together, the new resources being announced for local authorities and the decisions to be taken when the PIU's conclusions are published will deliver a step-change in performance. DEFRA's PSA target of 25 per cent recycling and composting of household waste by 2005-06 demonstrates the Government's commitment to radical reform of municipal waste management, and by 2010 the UK will have cut levels of biodegradable municipal waste going to landfill by 40 per cent.

### **A vibrant and prosperous rural economy**

**16.5** Whilst many rural areas are prosperous, the economic performance of some areas and sectors continues to lag. DEFRA will work with other departments and agencies to improve rural productivity, and the 2002 Spending Review includes increased resources to support the Regional Development Agencies' work in encouraging rural enterprise and business growth.

**16.6** Despite improvements, some groups and communities in rural areas continue to experience difficulty in accessing key services. DEFRA will work across Government to ensure public services meet their needs. This will include developing community enterprise, helping small private sector service providers improve their competitiveness, and strengthening the capacity of the rural voluntary sector to support the most disadvantaged in rural areas.

### **A sustainable future for food and farming**

**16.7** The reform of the Common Agricultural Policy (CAP) will be critical to delivering a sustainable future for farming, and the Government will continue to press for reform through the mid-term review of the CAP occurring this year. But farming needs more reform, now. The 2002 Spending Review allocates DEFRA the resources to fund work on animal health issues drawing on the recommendations of the inquiries arising from last year's Foot and Mouth outbreak. These measures will be set in the context of a comprehensive animal health and welfare strategy. This will establish how to ensure both farmers and taxpayers bear a fair share of the costs of animal health controls.

**16.8** Building on the report from the Policy Commission chaired by Sir Don Curry, DEFRA will make progress towards a sustainable future for the food and farming industries by using the flexibility that already exists within the CAP. As Curry suggests, the England Rural Development Programme will be expanded and a 'Broad and Shallow' agri-environment scheme will be introduced that pays farmers to deliver positive environmental outcomes through changes in farming practices. In order to provide more streamlined and better focused delivery of rural development and agri-environment programmes in rural areas, the environmental and rural agencies across the DEFRA family will be examined for potential rationalisation. DEFRA will publish a comprehensive delivery strategy for sustainable food and farming in the autumn.

**Box 16.2: Delivering sustainable food and farming**

The Curry Commission set out how progress can be made towards a sustainable future for food and farming. This Review gives DEFRA the resources to implement their core recommendations, providing a balanced package for farmers including investment for:

- electronic livestock identification;
- a more efficient food chain;
- action through the England Rural Development Programme, including:
  - a new broad and shallow agri-environment scheme to be piloted over the next 2 years and then rolled out in full in 2005-06;
  - other measures, such as the Rural Enterprise Scheme, the Processing and Marketing Grants Scheme, and the Vocational Training Scheme; and
  - anticipated expansion to current schemes.
- piloting farm audits;
- enhanced farm advice;
- more testing for TSE-type diseases (such as BSE);
- an enhanced National Scrapie Plan; and
- further work, in concert with HM Customs, to prevent illegal meat imports.

In return for this investment, the Government expects farmers to play their part in making their industry sustainable, for example by managing disease risks.

**Raising the standards of flood and coastal defence**

**16.9** The autumn 2000 floods, the worst in some areas for 400 years, reminded the UK how much damage and disruption large scale flooding can cause. Research has shown that climate change, and changing patterns of land use, may well be increasing the amount of property at risk from flooding and in response to this government investment in flood defence has been rising swiftly in real terms since 1997. That growth will now accelerate: overall, government expenditure on flood and coastal defences will rise by £150 million by 2005-06, equivalent to an average annual real rate of growth of 8.6 per cent.

**16.10** Building on the work of the flood and coastal defence funding review, the Government will also explore options for putting in place new funding mechanisms and simplifying the administration of flood defences. The Government recognises that reducing and managing flood risk involves more than simply building flood defences, and will work in partnership with homeowners, local government, the Environment Agency, scientists, the insurance industry and others to achieve this.

**Forestry: an integral part of rural affairs**

**16.11** Increased investment in the Forestry Commission will allow it to take forward sustainable forest management, community forests, and restoration of native woodland. These actions, and others, play a vital role in the Government's integrated approach to protecting and enhancing the UK's environment. The increase in provision available to the Forestry Commission for its England and core Great Britain functions will also allow them to continue to manage their business during the downturn in world timber prices. Following on from the Interdepartmental Review of Forestry Devolution, DEFRA will do a further analysis, with the Treasury, of the Government's role in forestry in England.

## SPENDING PLANS

**16.12** The 2002 Spending Review provides a 2.7 per cent annual average real terms increase in funding for DEFRA and the Forestry Commission. The spending totals for each year are shown in the following table.

**Table 16.1: Key figures**

	£ million			
	2002–03	2003–04	2004–05	2005–06
<b>Department for Environment, Food and Rural Affairs</b>				
Resource budget	2443	2,765	2,742	2,792
Capital budget	241	316	344	354
<b>Total Departmental Expenditure Limit<sup>1</sup></b>	<b>2,523</b>	<b>2,902</b>	<b>2,890</b>	<b>2,944</b>
Department for Environment, Food and Rural Affairs <sup>1</sup>				
	2,426	2,808	2,796	2,850
Forestry Commission <sup>1</sup>	97	94	94	94
Near-cash spending (estimated) in DEFRA DEL <sup>2</sup>	2,341	2,727	2,710	2,757

<sup>1</sup> Full resource budgeting basis, net of depreciation.

<sup>2</sup> Consistent with previous control basis.