

Department for Environment, Food and Rural Affairs

Introduction

1. This Supplementary Estimate is required for the following purposes:

Amount £

Changes in resources

RfR 1: Ensuring that consumers benefit from competitively priced food, produced to high standards of safety; environmental care and animal welfare from a sustainable, efficient food chain, to contribute to the well-being of rural and coastal communities and funding aspects of the Common Agricultural Policy and England Rural Development Plan Guarantee Section as economically, efficiently and effectively as possible.

Increases:

(i) Transfers from Central Funds

To increase resource other current and grants for Environment (Section B) through take up of Invest to Save Budget from HM Treasury.	506,000
To increase resource grants for Environment (Section H) through take up of Invest to Save Budget from HM Treasury.	100,000
To increase resource grants for Environment (Section J) through take up of Invest to Save Budget from HM Treasury.	31,000
To increase resource other current for Natural Resources and Rural Affairs (Section D) through take up of funds from HM Treasury.	250,000

(ii) New Provisions and increases to existing Provisions

To increase resource grants for Environment (Section P).	55,600,000
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(iii) Increase in provision

To increase resource other current and grants for Rural Payments Agency (Section F).	31,699,000
To increase resource grants for Rural Payments Agency (Section I).	2,039,000
To increase resource grants for Natural Resources and Rural Affairs (Section L).	49,845,000

(iv) Transfers from Other Government Departments

To transfer budgetary resource cover to Departmental Operations admin (Section E) from the Cabinet Office.	294,000
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Decreases:

(v) Transfers to Other Government Departments

To transfer budgetary resource cover to the Department for Constitutional Affairs from Environment other current (Section B).	-170,000
To transfer budgetary resource cover to the Department for Trade and Industry from Environment grants (Section B).	-4,750,000
To transfer budgetary resource cover to the Scottish Executive from Sustainable Farming Food and Fisheries other current (Section C).	-384,000
To transfer budgetary resource cover to the Department for Communities and Local Government from Natural Resources and Rural Affairs other current (Section D).	-6,110,000
To transfer budgetary resource cover to the Forestry Commission from Natural Resources and Rural Affairs other current (Section D).	-1,114,000

(vi) <u>Transfers to non-voted spending</u>		
To transfer resource to non-voted for Natural England and the Commission for Rural Communities, from Natural Resources and Rural Affairs (Section D).		-39,586,000
 (vii) <u>Machinery of Government</u>		
To transfer resource to the Food Standards Agency from Sustainable Farming Food and Fisheries (Section K).		-415,000

Neutral Changes:

(viii) <u>Increases in expenditure offset by Appropriations in Aid</u>		
Administration for Animal Health and Welfare (Section A) £59,000.		
Administration and resource other current for Environment (Section B) £513,000.		
Resource other current for Departmental Operations (Section E) £3,000,000.		
Administration and resource other current for Other Executive Agencies (Section G) £367,000.		
 (ix) <u>Sector switch</u>		
To switch £56,500,000 resource from Environment (Section B) Central Government spending to Environment (Section H) Support for Local Authorities.		
	Total change in resources for RfR1	87,835,000
	Total change in resources for Estimate	87,835,000

Changes in capital**Increases:**

(i) <u>Take-up of DEL capital EYF</u>		
To increase capital for Rural Payments Agency (Section F).		25,071,000

Neutral Changes:

(ii) <u>Increases in expenditure offset by Appropriations in Aid</u>		
Capital for Departmental Operations (Section E) £14,457,000.		
	Total change in capital for Estimate	25,071,000

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £57,306,000.

3. Symbols are explained in the Introduction to this booklet.

Part I

£

RfR 1: Ensuring that consumers benefit from competitively priced food, produced to high standards of safety; environmental care and animal welfare from a sustainable, efficient food chain, to contribute to the well-being of rural and coastal communities and funding aspects of the Common Agricultural Policy and England Rural Development Plan Guarantee Section as economically, efficiently and effectively as possible.	†	87,835,000
Total additional net resource requirement	†	87,835,000
Additional net cash requirement	†	57,306,000

SUPPLEMENTARY amounts required in the year ending 31 March 2007 for expenditure by the Department for Environment, Food and Rural Affairs on:

RfR 1: Ensuring that consumers benefit from competitively priced food, produced to high standards of safety; environmental care and animal welfare from a sustainable, efficient food chain, to contribute to the well-being of rural and coastal communities and funding aspects of the Common Agricultural Policy and England Rural Development Plan Guarantee Section as economically, efficiently and effectively as possible.

environmental protection; support for measures which improve local environmental quality; pollution emergency response services; flood and coastal protection and land drainage; water partnership supply and sewerage services, including national security; to increase the UK's environment decontamination capabilities involving chemical, biological or radiological materials; support to the environmental protection industry for environmental technology and for measures to promote sustainable development; measures to reduce carbon dioxide emissions and improve energy efficiency, security and environmental practice; botanical services; radon measurement and support of remedial works campaigns; support for agriculture in special areas; food safety and hygiene; support for rural and regional development; assistance to production; marketing and processing in the agriculture, fisheries and food industries; assistance to the residuary Milk Marketing Board; cover for payment arising out of the Factortame group of claims following the House of Lords judgement in October 1999; emergency and strategic food services; plant health; support for the fishing industry; compensation payments to producers; grants and other financial support to voluntary bodies; support for measures to stimulate sustainable consumption of goods and services; countryside management and stewardship; conservation; national parks grants; support of countryside and wildlife initiatives; animal health and welfare; emergency measures, including foot and mouth eradication and compensation schemes; other services including emergency measures in relation to BSE; grant-in-aid to Non-Departmental Public Bodies and subsidy to Public Corporations; subscriptions and contributions to international organisations; surveys, monitoring, statistics, advice and consultancies; publicity, promotion, awareness and publications; commissioned and departmental research and development; specialist support services, management and development of staff, other departmental administration costs, regional restructuring costs; EU receipts; giving effect in the United Kingdom to the agricultural support provisions of the Common Agricultural Policy and England Rural Development Plan of the European Union including compensation payments to producers and support for agriculture in special areas, management of inland waterways by British Waterways Board; consumer representation and other functions under the Water Act 2003 and associated non-cash costs.

The **Department for Environment, Food and Rural Affairs** will account for this Estimate.

† The function of the Wine Standards Board was transferred to the Food Standards Agency on 1 July 2006. Within the overall changes sought in this Estimate, the specific changes relating to this machinery of government transfer are:

- the net resource requirement is decreased by £415,000;
- the net cash requirement is decreased by £415,000.

Part II: Changes proposed

£'000

Resources	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
RfR 1: Ensuring that consumers benefit from competitively priced food, produced to high standards of safety; environmental care and animal welfare from a sustainable, efficient food chain, to contribute to the well-being of rural and coastal communities and funding aspects of the Common Agricultural Policy and England Rural Development Plan Guarantee Section as economically, efficiently and effectively as possible.					
Spending in Departmental Expenditure Limits (DEL)					
RfR 1 - A Animal Health and Welfare	275,690	59	59	-	275,690
RfR 1 - B Environment	999,151	-55,651	513	-56,164	942,987
RfR 1 - C Sustainable Farming Food and Fisheries	130,605	-384	-	-384	130,221
RfR 1 - D Natural Resources and Rural Affairs	398,943	-46,560	-	-46,560	352,383
RfR 1 - E Departmental Operations	219,305	3,294	3,000	294	219,599
RfR 1 - F Rural Payments Agency	2,790,650	31,699	-	31,699	2,822,349
RfR 1 - G Other Executive Agencies	50,601	367	367	-	50,601
RfR 1 - H Environment	189,392	51,850	-	51,850	241,242
RfR 1 - I Rural Payments Agency	5,691	2,039	-	2,039	7,730
Non-Budget					
RfR 1 - J Environment	691,624	31	-	31	691,655
RfR 1 - K Sustainable Farming Food and Fisheries	9,792	-415	-	-415	9,377
RfR 1 - L Natural Resources and Rural Affairs	147,789	49,845	-	49,845	197,634
RfR 1 - N Rural Payments Agency	-	39,869	39,869	-	-
Spending in Annually Managed Expenditure (AME)					
RfR 1 - P Environment	-	55,600	-	55,600	55,600
Total RfR 1		131,643	43,808	87,835	
Total Changes to RfRs		131,643	43,808	87,835	

	Present Provision	Change in Provision	£000 New Provision
Capital and Cash			
Total Capital Expenditure	91,403	39,528	130,931
Non-Operating A in A	-	14,457	14,457
Net cash requirement	5,957,385	57,306	6,014,691

Part II: Revised subhead detail including additional provision

Resources						Capital		£'000
1	2	3	4	5	6	7	8	
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A	
RfR 1: Ensuring that consumers benefit from competitively priced food, produced to high standards of safety; environmental care and animal welfare from a sustainable, efficient food chain, to contribute to the well-being of rural and coastal communities and funding aspects of the Common Agricultural Policy and England Rural Development Plan Guarantee Section as economically, efficiently and effectively as possible.								
492,634	5,093,547	1,758,583	7,344,764	1,322,797	6,021,967	130,931	14,457	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Animal Health and Welfare								
26,987	221,651	27,136	275,774	84	275,690	-	-	
B Environment								
34,237	498,110	413,249	945,596	2,609	942,987	640	-	
C Sustainable Farming Food and Fisheries								
34,100	90,432	8,187	132,719	2,498	130,221	-	-	
D Natural Resources and Rural Affairs								
23,310	257,256	75,814	356,380	3,997	352,383	-	-	
E Departmental Operations								
182,577	50,447	5,220	238,244	18,645	219,599	67,880	14,457	
F Rural Payments Agency								
-	2,821,509	840	2,822,349	-	2,822,349	29,771	-	
G Other Executive Agencies								
191,423	51,873	-	243,296	192,695	50,601	32,640	-	
<i>Support for Local Authorities</i>								
H Environment								
-	-	241,242	241,242	-	241,242	-	-	
I Rural Payments Agency								
-	-	7,730	7,730	-	7,730	-	-	
Non-Budget								
J Environment								
-	-	691,655	691,655	-	691,655	-	-	
K Sustainable Farming Food and Fisheries								
-	-	9,377	9,377	-	9,377	-	-	
L Natural Resources and Rural Affairs								
-	-	197,634	197,634	-	197,634	-	-	
M Departmental Operations								
-	-	24,899	24,899	-	24,899	-	-	
N Rural Payments Agency								
-	1,064,269	-	1,064,269	1,064,269	-	-	-	
O Other Executive Agencies								
-	38,000	-	38,000	38,000	-	-	-	
Spending in Annually Managed Expenditure (AME)								
<i>Central Government spending</i>								
P Environment								
-	-	55,600	55,600	-	55,600	-	-	
Total for Estimate:								
492,634	5,093,547	1,758,583	7,344,764	1,322,797	6,021,967	130,931	14,457	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
Net Resource Requirement	5,934,132	87,835	6,021,967
Voted capital items			
Capital	91,403	39,528	130,931
<i>Less: Non-operating A in A</i>	<i>-</i>	<i>14,457</i>	<i>14,457</i>
Total net voted capital	91,403	25,071	116,474
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-25,379	-	-25,379
Depreciation	-42,771	-	-42,771
New provisions and adjustments to previous provisions	-67,046	-55,600	-122,646
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	-	-	-
Increase(-)/decrease (+) in creditors	-	-	-
Use of provisions	67,046	-	67,046
Total accruals to cash adjustments	-68,150	-55,600	-123,750
Excess cash to be CFERd	-	-	-
Net Cash Requirement	5,957,385	57,306	6,014,691

Part III: Extra receipts payable to the Consolidated Fund

In addition to Appropriations in aid, the following income and receipts relate to the department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	£'000			
	<u>Present provision</u>		<u>New provision</u>	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	2,501,081	<i>3,959,992</i>	2,534,819	<i>3,993,730</i>
Non-operating income not classified as A in A	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-
Excess receipts to be surrendered to the Consolidated Fund	-	-	-	-
Total	2,501,081	<i>3,959,992</i>	2,534,819	<i>3,993,730</i>

Forecast Operating Cost Statement

	£'000
	2006-07 provision
Net Administration Costs	
RfR 1	285,458
Total Net Administration Costs	285,458
Net Programme Costs	
RfR 1	3,201,690
Total Net Programme costs	3,201,690
Total Net Operating Cost	3,487,148
<i>of which:</i>	
Net Resource Requirement	6,021,967
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-2,534,819
Resource Budget	2,918,092

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2006-07 Provision
Net Resource Requirement (Estimates)	6,021,967
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	-
Consolidated Fund extra receipts in the OCS	-2,534,819
Other adjustments	-
Net Operating Costs (Accounts)	3,487,148
<i>Adjustments to remove:</i>	
capital grants	-553,752
European Union income related to capital grants	-
voted expenditure outside the budget	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	22,205
resource consumption of non departmental public bodies	-37,509
unallocated resource provision	-
Other adjustments	-
Resource Budget (Budget)	2,918,092
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	2,805,785
Annually Managed Expenditure (AME)	112,307

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2006-07 Provision
Net Voted Capital (Estimates)	116,474
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	226,000
capital grants	553,752
European Union income related to capital grants	-
supported capital expenditure (revenue)	-
capital spending by levy funded bodies	846
unallocated capital provision	-
Other adjustments	-
Capital Budget (Budget)	897,072
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	896,226
Annually Managed Expenditure (AME)	846

Notes to the Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointment for the Request for Resources within this Estimate.

Request for Resources 1 Helen Ghosh, Accounting Officer and Permanent Head of Department

Helen Ghosh as the Accounting Officer of the Department for Environment, Food and Rural Affairs has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Department for Environment, Food and Rural Affairs.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims and objectives and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

£'000

2006-07
Provision

RfR 1: Ensuring that consumers benefit from competitively priced food, produced to high standards of safety; environmental care and animal welfare from a sustainable, efficient food chain, to contribute to the well-being of rural and coastal communities and funding aspects of the Common Agricultural Policy and England Rural Development Plan Guarantee Section as economically, efficiently and effectively as possible.

Administration	207,176
<i>of which:</i>	
Sale of goods and services	207,176
Programme	1,115,621
<i>of which:</i>	
Sale of goods and services	11,336
Regulatory licences, fines, penalties and taxes	22,205
EU Income	3,614,883
Other grant income (including repayment of grants/subsidies)	-
Interest and dividends	2,000
CFERs	-2,534,819
Other income (including receipts)	16
Total RfR1	1,322,797 †

† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: eligible expenditure on farm grants, monitoring of Arable Area Payments Scheme, the UK Register of Organic Food Standards, decommissioning of fishing vessels, EC Leader Programme and Sector Challenge Grants. Receipts resulting from projects under the Wider Markets Initiative. Receipts from sale of carcasses and vaccine relating to Brucellosis and Tuberculosis eradication, Receipts from fees and charges on Local Veterinary Inspectors' work, public enquiries on salmon, whaling and inland fisheries, certification testing, National List and plant breeders' rights, commissioned surveys, studies and advice. Repayments of ATB Landbase redundancy fund and loans, SFIA loan capital and refund of SFIA grants. Rental income from ATB Landbase and from land managed by the Minister. Receipts in respect of the tide gauge network, work carried out by the Veterinary Laboratories Agency and NIAB Redundancy Fund. Recovery of shellfish enquiry expenses. Income from the provision of services to internal and external customers, including the secondment of staff and services to IBEA. Statutory receipts. Receipts from the sale or use of rights and assets. Rents from property. Receipts from the sale of information, including publications. Income from levies, licensing approvals, certification, inspections, registrations, supervision and extensification. Reimbursement of Defra expenditure, including EC receipts. Income from legal claims. Insurance recoveries. Other receipts and credits. Receipts in respect of environment protection and research (ex-DETR). Amount that may be applied as appropriations in aid in addition to the net total, arising from the recovery of income from transfers, bulletins and for receipts for CAP market support and from European Community Institutions.

Total Operating A in A	1,322,797
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Analysis of non - operating appropriations in aid (A in A)

Programme	14,457
<i>of which:</i>	
Sale of assets	14,457

Total RfR1	14,457 †
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† Amount that may be applied as non-operating appropriations in aid arising from the disposal of capital assets.

Total Non - operating A in A	14,457
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Notes to the Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000	
	2006-07 provision	
	Income	Receipts
RPA CFERed EU income	2,534,819	3,993,730
Total	2,534,819	3,993,730

Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	-17,381	-94,477	4,467,550	-1,661,765	2,805,785
<i>of which:</i>					
Administration budget*	294	-	285,458	-	285,458
Near-cash in RDEL	-17,381	-94,477	4,332,354	-1,821,793	2,510,561
Capital**	25,226	99,000	691,726	204,500	896,226
Less Depreciation†	-	-	-42,771	-162,311	-205,082
Total	7,845	4,523	5,116,505	-1,619,576	3,496,929

* The total of 'Administration budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

**Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

† Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Cash which may be retained to offset expenditure

	£'000
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid	1,337,254

Expenditure resting on the sole authority of the Appropriation Act

The following subheads contain provision sought under the sole authority of Part I of the Estimate and of the confirming Appropriation Act:

RfR/Section	Service	£'000
RfR 1		
A - D	Payments for Committees and Tribunals	58
	Funding to establish the Association of Commons Registration Officers	50

Notes to the Estimate (*continued*)

Grants in Aid

RfR/Section	Body	£'000
RfR 1		
L	Natural England ♥	183,669
L	Commission for Rural Communities ♥	9,965
J	Environment Agency ♥	685,167
K	Food from Britain ♥	6,077
M	Royal Botanic Gardens, Kew ♥	24,899
L	National Forest Company	4,000
K	Gangmasters Licensing Authority ♥	3,300
J	Consumer Council for Water ♥	6,488