

Department for Environment, Food and Rural Affairs

Introduction

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

	Amount £
<u>Changes in resources</u>	
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) <u>Take-up of DEL Admin EYF</u>	
Amount: £57,000,000	57,000,000
Sections: A, B, C, and E	
To increase admin for Animal Health and Welfare (Section A) by £9,000,000, Environment (Section B) by £17,000,000, Sustainable Farming Food and Fisheries (Section C) by £6,000,000, and Departmental Operations (Section E) by £25,000,000.	
(ii) <u>Take-up of DEL Programme EYF</u>	
Amount: £8,000,000	8,000,000
Section: A	
To increase resource other current for Animal Health and Welfare (Section A) by £8,000,000.	
(iii) <u>Transfers from other government departments</u>	
Amount: £61,811,000	61,811,000
Sections: A, E, and F	
To increase resource other current for Animal Health and Welfare (Section A) through a transfer from the Department of Agriculture and Rural Development for Northern Ireland of £1,500,000, Departmental Operations (Section E) through a transfer from the Cabinet Office of £311,000, and Rural Payments Agency (Section F) through a transfer from the Department of Health of £60,000,000.	
(iv) <u>Transfers from Central Funds</u>	
Amount: £20,000,000	20,000,000
Section: B	
To increase resource grants for Environment (Section B) by £20,000,000 through take up of funds from HM Treasury.	
(v) <u>Transfers from non-voted spend</u>	
Amount: £70,000,000	70,000,000
Sections: A, B, D	
To increase resource other current for Animal Health and Welfare (Section A) by £20,000,000, for Environment (Section B) by £38,000,000, for Natural Resources and Rural Affairs (Section D) by £12,000,000 by switches from non-voted funds.	
(vi) <u>New Provisions and increases to existing Provisions</u>	
Amount: £189,431,000	189,431,000
Sections: I, R	
To increase resource other current for Rural Payments Agency (Section I) by £137,231,000, Environment (Section R) by £52,200,000.	

Introduction (*continued*)

- (vii) Increase in provision
 Amount: £49,435,000 49,435,000
 Sections: O and S
 To increase resource grants for Rural Payments Agency (Section O) by £21,849,000, for Sustainable Farming Food and Fisheries (Section S) by £275,000. To decrease appropriations in aid for Rural Payments Agency (Section O) by £27,311,000.

Decreases:

- (viii) Transfers to Other Government Departments
 Amount: £110,000 -110,000
 Section: G
 To decrease resource other current for Other Executive Agencies (Section G) through a transfer to the Welsh Assembly of £110,000.

- (ix) Transfers to non-voted spend
 Amount: £75,000,000 -75,000,000
 Sections: E and H
 To decrease admin for Departmental Operations (Section E) by £22,000,000, resource other current for Departmental Operations (Section E) by £43,000,000, and resource grants for Environment (Section H) by £10,000,000 through transfers to non-voted spend.

- (x) Decrease in provision
 Amount: £133,911,000 -133,911,000
 Sections: E, I, J, K, L, P
 To increase appropriations in aid for Animal Health and Welfare (Section P) by £5,848,000, for Sustainable Farming Food and Fisheries (Section L) by £756,000. To decrease resource other current for Rural Payments Agency (Section I) by £3,618,000, resource grants for Rural Payments Agency (Section J) by £550,000, admin for Departmental Operations (Section E) by £5,000,000. To decrease resource grants for Environment (Section K) by £35,000,000. To increase appropriations in aid for Rural Payments Agency (Section I) by £83,139,000.

Neutral Changes:

- (xi) Neutral changes -
 Sections: A, B, C, D, E, F, G, I, K, Q
 To increase admin expenditure and appropriations in aid for Animal Health and Welfare (Section A) by £416,000, Environment (Section B) by £320,000, Sustainable Farming Food and Fisheries (Section C) by £1,163,000, Natural Resources and Rural Affairs (Section D) by £2,201,000, Departmental Operations (Section E) by £8,527,000, Other Executive Agencies (Section G) by £17,154,000. To increase other current expenditure and appropriations in aid for Animal Health and Welfare (Section A) by £12,796,000, Environment (Section B) by £1,393,000, Sustainable Farming Food and Fisheries (Section C) by £3,353,000, Natural Resources and Rural Affairs (Section D) by £2,047,000, Rural Payments Agency (Section F) by £44,300,000, Rural Payments Agency (Section I) by £1,000,000. To increase resource grants and appropriations in aid for Environment (Section K) by £1,200,000, and Other Executive Agencies (Section Q) by £38,000,000.
 To switch £28,904,000 from Environment (Section B) to Rural Payments Agency (Section F).

Total change in resources for RfR1 246,656,000

Introduction (*continued*)

Changes in capital

Increases:

- | | | |
|------|---|------------|
| (i) | <u>Take-up of DEL Capital EYF</u>
Amount: £40,530,000
Sections: A, C, and D
To increase capital for Animal Health and Welfare (Section A) by £8,993,000, Sustainable Farming Food and Fisheries (Section C) by £7,000,000, Natural Resources and Rural Affairs (Section D) by £24,537,000. | 40,530,000 |
| (ii) | <u>Increase in provision</u>
Amount: £5,000,000
Section: E
To increase capital for Departmental Operations (Section E) by £5,000,000. | 5,000,000 |

Neutral Changes:

- | | | |
|-------|--|---|
| (iii) | <u>Neutral changes</u>
Sections: A, E, and F
To increase capital and non-operating appropriations in aid for Animal Health and Welfare (Section A) by £15,000, Departmental Operations (Section E) by £2,724,000, and Rural Payments Agency (Section F) by £8,891,000. | - |
|-------|--|---|

Total change in capital for Estimate 45,530,000

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £302,133,000.
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.	246,656,000
Total additional net resource requirement	246,656,000
Additional net cash requirement	302,133,000

SUPPLEMENTARY amounts required in the year ending 31 March 2006 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.

Part II: Changes proposed

Resources	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	£'000
					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	265,677	51,712	13,212	38,500	304,177
RfR 1 - B Environment	711,625	47,809	1,713	46,096	757,721
RfR 1 - C Sustainable Farming Food and Fisheries	105,824	10,516	4,516	6,000	111,824
RfR 1 - D Natural Resources and Rural Affairs	393,481	16,248	4,248	12,000	405,481
RfR 1 - E Departmental Operations	319,229	-36,162	8,527	-44,689	274,540
RfR 1 - F Rural Payments Agency	339,910	133,204	44,300	88,904	428,814
RfR 1 - G Other Executive Agencies	88,240	17,044	17,154	-110	88,130
RfR 1 - H Environment	156,150	-10,000	-	-10,000	146,150
Spending in Annually Managed Expenditure (AME)					
RfR 1 - I Rural Payments Agency	2,304,120	134,613	84,139	50,474	2,354,594
RfR 1 - J Rural Payments Agency	6,445	-550	-	-550	5,895
Non-budget					
RfR 1 - K Environment	662,448	-33,800	1,200	-35,000	627,448
RfR 1 - L Sustainable Farming Food and Fisheries	11,656	-	756	-756	10,900
RfR 1 - O Rural Payments Agency	158,492	21,849	-27,311	49,160	207,652
RfR 1 - P Animal Health and Welfare	-	-	5,848	-5,848	-5,848
RfR 1 - Q Other Executive Agencies	-	38,000	38,000	-	-
Spending in Annually Managed Expenditure (AME)					
RfR 1 - R Environment	-	52,200	-	52,200	52,200
RfR 1 - S Sustainable Food, Farming and Fisheries	-	275	-	275	275
Total RfR 1		442,958	196,302	246,656	

Capital and Cash	Present Provision	Change in Provision	£000
			New Provision
Total Capital Expenditure	99,671	57,160	156,831
Non-Operating A in A	11,719	11,630	23,349
Net cash requirement	5,637,160	302,133	5,939,293

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.							
454,816	4,236,342	2,422,815	7,113,973	1,167,846	5,946,127	156,831	23,349
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Animal Health and Welfare							
36,344	253,934	27,136	317,414	13,237	304,177	14,548	15
B Environment							
51,217	494,159	219,656	765,032	7,311	757,721	3,584	-
C Sustainable Farming Food and Fisheries							
41,263	77,370	205	118,838	7,014	111,824	7,000	-
D Natural Resources and Rural Affairs							
25,511	313,412	72,814	411,737	6,256	405,481	24,537	-
E Departmental Operations							
243,614	49,460	5,220	298,294	23,754	274,540	62,783	8,204
F Rural Payments Agency							
-	473,614	-	473,614	44,800	428,814	17,279	15,130
G Other Executive Agencies							
56,867	83,735	4,998	145,600	57,470	88,130	27,100	-
<i>Support for Local Authorities</i>							
H Environment							
-	-	146,150	146,150	-	146,150	-	-
<i>Rural Payments Agency</i>							
-	-	-	-	-	-	-	-
Spending in Annually Managed Expenditure (AME)							
<i>Central government spending</i>							
I Rural Payments Agency							
-	2,438,183	550	2,438,733	84,139	2,354,594	-	-
<i>Support for Local Authorities</i>							
J Rural Payments Agency							
-	-	5,895	5,895	-	5,895	-	-
Non-budget							
K Environment							
-	-	628,648	628,648	1,200	627,448	-	-
L Sustainable Farming Food and Fisheries							
-	-	11,656	11,656	756	10,900	-	-
M Natural Resources and Rural Affairs							
-	-	151,275	151,275	-	151,275	-	-

Part II: Revised subhead detail including additional provision (cont.)

		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	
N	Departmental Operations							
-	-	24,899	24,899	-	24,899	-	-	
O	Rural Payments Agency							
-	-	1,085,713	1,085,713	878,061	207,652	-	-	
P	Animal Health and Welfare							
-	-	-	-	5,848	-5,848	-	-	
Q	Other Executive Agencies							
-	-	38,000	38,000	38,000	-	-	-	
Spending in Annually Managed Expenditure (AME)								
<i>Central government spending</i>								
R	Environment							
-	52,200	-	52,200	-	52,200	-	-	
S	Sustainable Food, Farming and Fisheries							
-	275	-	275	-	275	-	-	
Total for Estimate:								
454,816	4,236,342	2,422,815	7,113,973	1,167,846	5,946,127	156,831	23,349	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
Net total Resources	5,699,471	246,656	5,946,127
Voted capital items			
Capital expenditure	99,671	57,160	156,831
<i>Less: non-operating A in A</i>	<u>11,719</u>	<u>11,630</u>	<u>23,349</u>
Total net voted capital	87,952	45,530	133,482
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-45,379	20,000	-25,379
Depreciation	-107,771	65,000	-42,771
New provisions and adjustments to previous provisions	-	-189,431	-189,431
Profit/loss on sale of assets	2,651	-	2,651
Prior period adjustments	-	-	-
Other non-cash items	-75	-	-75
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	429	-	429
Increase(-)/decrease (+) in creditors	-117	-	-117
Use of provisions	<u>-</u>	<u>114,378</u>	<u>114,378</u>
Total accruals to cash adjustments	-150,262	9,947	-140,315
Excess cash to be CFERd	-	-	-
Adjustment to remove token increase in cash	-1	-	-1
Net cash requirement	5,637,160	302,133	5,939,293

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 are payable to the Consolidated Fund (cash receipts being shown in italics):

	<u>Present provision</u>		<u>New provision</u>	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	2,581,246	<i>2,562,251</i>	2,610,563	<i>2,591,568</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	<u>2,581,246</u>	<u><i>2,562,251</i></u>	<u>2,610,563</u>	<u><i>2,591,568</i></u>

Forecast Operating Cost Statement

		£'000
		2005-06 provision
Net Administration Costs		
RfR 1	<u>372,375</u>	
Total Net Administration Costs		372,375
Net Programme Costs		
RfR 1	<u>2,963,189</u>	
Total Net Programme costs		2,963,189
Total Net Operating Cost		3,335,564
<i>of which:</i>		
Net Resource Outturn		5,946,127
CFERs		-2,610,563
Non-voted expenditure		-
Resource Budget Outturn		5,657,436

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2005-06 Provision
Net Resource Outturn (Estimates)	5,946,127
<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 (CFERS) in the OCS	-2,610,563
Other adjustments	-
Net Operating Costs (Accounts)	3,335,564
<i>Adjustments to remove:</i>	
capital grants to local authorities	-117,820
capital grants financed from the Capital Modernisation Fund	-
European Union income and related adjustments	924,015
voted expenditure outside the budget	-1,123,713
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	2,610,563
resource consumption of non departmental public bodies	28,827
unallocated resource provision	-
Other adjustments	-
Resource Budget Outturn (Budget)	5,657,436
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	3,172,902
Annually Managed Expenditure (AME)	2,484,534

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2005-06 Provision
Net Voted Capital Outturn (Estimates)	133,482
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	2,651
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	109,461
capital grants to local authorities	117,820
capital grants financed by the Capital Modernisation Fund	-
local authority credit approvals	22,212
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	-
Capital Budget Outturn (Budget)	385,626
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	384,230
Annually Managed Expenditure (AME)	1,396

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 appointments for the Requests for Resources within this Estimate.

Request for Resources 1	Helen Ghosh, Principal Accounting Officer and Permanent Head of Department
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Helen Ghosh as the Principal Accounting Officer (PAO) and Permanent Head of the Department for Environment, Food and Rural Affairs has personal responsibility for the proper presentation of the Department for Environment, Food and Rural Affairs' resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The PAO as the permanent head, in addition to the responsibilities for the assigned RfR, 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 the 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 available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the Department of Environment, Food and Rural Affairs' policies, aims, and objectives; and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)

Analysis of appropriations in aid (A in A)

	£'000	
	2005-06 Provision	
	Operating A in A	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.		
EU funding	922,665	-
Fees and charges to external customers	82,441	-
Other programme income	162,740	-
Sale of land, buildings and vehicles	-	23,349
Total RfR 1	1,167,846 *	23,349 **
<i>of which: Administration budgets</i>	<i>82,441</i>	<i>-</i>

*Amount that may be applied as 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.

**Amount that may be applied as non-operating appropriations in aid arising from the sale of surplus land, buildings and vehicles.

Notes to the Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000	
	2005-06 provision	
	Income	Receipts
Sugar and isoglucose production and storage levies ●	42,443	-
Forfeited securities ●	2,426	-
Administration ●	50	-
Single Payment CAP scheme	2,565,644	2,591,568
Total	2,610,563	2,591,568

Departmental Expenditure Limits and Administration Budgets

As announced to the House of Commons, the Department for Environment, Food and Rural Affairs Departmental Expenditure Limit will change as follows:

	Change	New DEL		Total
		Voted	Non-voted	
Resource	141,701	2,400,367	772,535	3,172,902
<i>of which : Administration Budget</i>	<i>30,311</i>	<i>372,375</i>	<i>-</i>	<i>372,375</i>
Capital	45,530	253,953	130,277	384,230
Depreciation*	-	-42,771	-162,311	-205,082
Total	187,231	2,611,549	740,501	3,352,050

*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
1,191,195

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

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:

Sections	Service	£'000
A-D	Payments for Committees and Tribunals	58
	Funding to establish The Association of Commons Registration Officers	25

Grant in Aid to Non-Departmental Public Bodies in excess of £1 million

	£'000
Countryside Agency ♥	70,000
English Nature ♥	78,004
Environment Agency ♥	625,348
Food From Britain ♥	6,874
Royal Botanic Gardens, Kew ♥	24,899
National Forest Company ♠	3,271
Consumer Council for Water ♥	3,300
Gangmasters Licensing Authority ♥	4,362