
Department for Environment, Food and Rural Affairs

Introduction

1. This Estimate is based on the Department's four key areas of expenditure plus five further sections covering central service administration costs, the Rural Payments Agency (sub-divided between EC funded schemes, running costs and other costs) and the Department's other Executive Agencies. The Request for Resources (RfR) shows Departmental Expenditure Limits (DEL), Annually Managed Expenditure (AME) and non-budget groupings and differentiates between central government's own expenditure and central government support to local authorities.
2. The single RfR contains all capital expenditure, the Department's administration costs, costs of executive agencies, grant in aid, research and development, payment to agencies, as well as reimbursable costs and offsetting EU receipts in respect of the Common Agricultural Policy and the Rural Development Plan. Further details of the expenditure contained in the Estimate can be found in the Defra Departmental Report (Cm7103).
3. DEFRA has nine executive agencies - the Central Science Laboratory (CSL), the Veterinary Laboratories Agency (VLA), the Veterinary Medicines Directorate (VMD), the Centre for Environment, Fisheries and Aquaculture Science (CEFAS), Pesticides Safety Directorate (PSD), Rural Payments Agency (RPA), Animal Health (AH), Government Decontamination Service (GDS) and the Marine & Fisheries Agency (MFA). The newly formed Animal Health agency includes the former State Veterinary Service agency, the Dairy Hygiene Inspectorate, the Egg Marketing Inspectorate and the Wildlife Licensing and Registration Service.
4. Symbols are explained in the Introduction to this booklet.

Department for Environment, Food and Rural Affairs

Part I

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Request for Resources 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.	5,871,511,000
Total net resource requirement	5,871,511,000
Net cash requirement	5,862,116,000

Amounts required in the year ending 31 March 2008 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.

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	Net total	Allocated in Vote on Account	Balance to complete
RfR 1	5,871,511,000	2,670,173,000	3,201,338,000
Total net resource requirement	5,871,511,000	2,670,173,000	3,201,338,000
Net cash requirement	5,862,116,000	3,130,823,000	2,731,293,000

Part II: Subhead detail

£'000

2007-08 Provision						2006-07 Provision	2005-06 Outturn			
Resources						Capital	Non- operating	Net Total	Net Total	
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources	
1	2	3	4	5	6	7	8	9	10	
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.										
512,472	4,878,444	1,783,322	7,174,238	1,302,727	5,871,511	116,376	2,021	6,355,592	5,687,490	
Spending in Departmental Expenditure Limits (DEL)										
<i>Central Government spending</i>										
A	Animal Health and Welfare									
	23,013	244,790	34,136	301,939	25	301,914	-	-	351,690	259,019
B	Environment									
	36,981	546,269	523,932	1,107,182	3,100	1,104,082	2,048	-	969,587	693,311
C	Sustainable Farming Food and Fisheries									
	33,314	57,321	4,066	94,701	6,388	88,313	-	-	142,721	80,020
D	Natural Resources and Rural Affairs									
	28,732	234,740	83,644	347,116	3,997	343,119	-	-	355,633	366,975
E	Departmental Operations									
	199,009	59,114	5,220	263,343	34,764	228,579	79,008	2,021	244,007	277,922
F	Rural Payments Agency EC funded									
	-	2,296,649	473	2,297,122	-	2,297,122	-	-	2,481,415	2,492,227
G	Rural Payments Agency running costs									
	-	161,100	-	161,100	3,218	157,882	5,120	-	146,419	236,265
H	Rural Payments Agency other									
	-	82,400	-	82,400	-	82,400	-	-	387,046	159,476
I	Other Executive Agencies									
	191,423	134,999	-	326,422	190,173	136,249	30,200	-	50,601	106,379
<i>Support for Local Authorities</i>										
J	Environment									
	-	-	144,537	144,537	-	144,537	-	-	241,175	202,331
K	Rural Payments Agency EC funded									
	-	-	4,992	4,992	-	4,992	-	-	6,133	7,396

Part II: Subhead detail**£'000**

2007-08 Provision								2006-07 Provision	2005-06 Outturn
Resources						Capital Non- operating		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A		
1	2	3	4	5	6	7	8	9	10
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
L	Environment								
-	-	55,600	55,600	-	55,600	-	-	55,600	54,900
Non-Budget									
M	Environment								
-	-	692,778	692,778	-	692,778	-	-	691,655	575,059
N	Sustainable Farming Food and Fisheries								
-	-	9,391	9,391	-	9,391	-	-	9,377	7,920
O	Natural Resources and Rural Affairs								
-	-	199,654	199,654	-	199,654	-	-	197,634	142,811
P	Departmental Operations								
-	-	24,899	24,899	-	24,899	-	-	24,899	24,899
Q	Rural Payments Agency EC funded								
-	1,023,062	-	1,023,062	1,023,062	-	-	-	-	580
R	Other Executive Agencies								
-	38,000	-	38,000	38,000	-	-	-	-	-
Total for Estimate:									
512,472	4,878,444	1,783,322	7,174,238	1,302,727	5,871,511	116,376	2,021	6,355,592	5,687,490

Part II: Resource to cash reconciliation

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement	5,871,511	6,355,592	5,687,490
Voted capital items			
Capital	116,376	156,868	141,814
Less Non-operating A-in-A	2,021	40,394	13,258
Total net voted capital	114,355	116,474	128,556
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-25,379	-25,379	-14,936
Depreciation	-42,771	-42,771	-64,272
New provisions and adjustments to previous provisions	-123,000	-427,646	-252,469
Profit/loss on sale of assets	-	-	-1,246
Prior period adjustments	-	-	-
Other non-cash items	-	-	-1,864
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-
Increase (-) / Decrease (+) in creditors	-	1,200,000	-
Use of provisions	67,400	67,046	-
Total accruals to cash adjustments	-123,750	771,250	-334,787
Excess cash to be CFERd	-	-	-
Net Cash Requirement	5,862,116	7,243,316	5,481,259

Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	£'000					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	2,322,319	<i>4,803,270</i>	2,487,753	<i>3,946,664</i>	2,422,888	<i>472,591</i>
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
Total	2,322,319	<i>4,803,270</i>	2,487,753	<i>3,946,664</i>	2,422,888	<i>472,591</i>

Forecast Operating Cost Statement

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Administration Costs			
RfR 1	285,524	335,458	333,782
Total Net Administration costs	285,524	335,458	333,782
Net Programme Costs			
RfR 1	3,263,668	3,532,381	2,930,820
Total Net Programme costs	3,263,668	3,532,381	2,930,820
Total Net Operating Cost	3,549,192	3,867,839	3,264,602
<i>of which:</i>			
Net Resource Requirement	5,871,511	6,355,592	5,687,490
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-2,322,319	-2,487,753	-2,422,888
Resource Budget	3,016,251	3,269,170	2,865,849

Notes to the Main Estimate (*continued*)

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2007-08	2006-07	2005-06
	Provision	Provision	Outturn
Net Resource Requirement (Estimates)	5,871,511	6,355,592	5,687,490
<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	-2,322,319	-2,487,753	-2,422,888
Other adjustments	-	-	-
Net Operating Cost (Accounts)	3,549,192	3,867,839	3,264,602
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-1,246
Capital grants	-495,790	-553,685	-381,715
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-	-	618
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	22,205	22,205	22,802
Resource consumption of non departmental public bodies	-4,359	-67,189	-39,212
Unallocated resource provision	-	-	-
Other adjustments	-54,997	-	-
Resource Budget (Budget)	3,016,251	3,269,170	2,865,849
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	2,903,944	3,156,863	2,740,329
Annually Managed Expenditure (AME)	112,307	112,307	125,520

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2007-08	2006-07	2005-06
	Provision	Provision	Outturn
Net Voted Capital (Estimates)	114,355	116,474	128,556
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	240,943	226,000	300,421
Capital grants	495,790	553,685	381,715
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	67	67	21,598
Capital spending by levy funded bodies	846	846	2
Unallocated capital provision	-	-	-
Other adjustments	54,997	-	-
Capital Budget (Budget)	906,998	897,072	832,292
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	906,152	896,226	832,290
Annually Managed Expenditure (AME)	846	846	2

Notes to the Main 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 Main Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

£'000

	2007-08 Provision	2006-07 Provision	2005-06 Outturn
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	226,948	249,242	228,012
<i>of which:</i>			
Sale of goods and services	226,948	249,242	228,012
Programme	1,075,779	1,055,631	1,126,543
<i>of which:</i>			
Sale of goods and services	11,311	34,273	27,598
Regulatory licences, fines, penalties and taxes	22,205	22,205	22,802
EU Income	3,362,566	3,484,890	3,497,565
Interest and dividends	2,000	2,000	1,466
CFERs	-2,322,319	-2,487,753	-2,422,888
Other income (including receipts)	16	16	-
Total RfR 1	1,302,727†	1,304,873	1,354,555
<p>† 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.</p>			
Total Operating A in A	1,302,727	1,304,873	1,354,555

Analysis of non-operating appropriations in aid (A in A)

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
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.			
Programme	2,021	40,394	13,258
<i>of which:</i>			
Sale of assets	2,021	40,394	13,258
Total RfR 1	2,021†	40,394	13,258
<i>† Amount that may be applied as non-operating appropriations in aid, arising from: the sale of surplus land and buildings.</i>			
Total Non-Operating A in A	2,021	40,394	13,258

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

£'000

	2007-08		2006-07		2005-06	
	Provision Income	Receipts	Provision Income	Receipts	Outturn Income	Receipts
ΦRural Payments Agency EU Income	2,300,114	4,781,065	2,465,548	3,924,459	2,400,086	449,789
●Rural Payments Agency Sugar Levies Income	22,205	22,205	22,205	22,205	22,802	22,802
Total	2,322,319	4,803,270	2,487,753	3,946,664	2,422,888	472,591

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	4,316,902	-1,412,958	2,903,944
<i>of which: †</i>			
Administration budget	285,524	-	285,524
Near-cash in RDEL	4,181,352	-1,572,632	2,608,720
Capital DEL ††	686,642	219,510	906,152
Less Depreciation †††	-42,771	-162,311	-205,082
Total DEL	4,960,773	-1,355,759	3,605,014

† The total of the '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.

Comparison of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2007-08 of £5,871,511,000 is 7.6 per cent lower than the final net provision for 2006-07 of £6,355,592,000 and 3.3 per cent lower than the forecast outturn for 2006-07 of £6,069,600,000.

Cash which may be retained to offset expenditure

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
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.	1,304,748	1,345,267	1,367,813

Notes to the Main Estimate (*continued*)**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
D	Funding to establish the Association of Commons Registration Officers	50

Notes to the Main Estimate (*continued*)

Grants in aid

RfR/Section	Body	£'000
Section O	♥ Natural England	183,669
Section O	♥ Commission for Rural Communities	9,965
Section M	♥ Environment Agency	686,878
Section N	♥ Food from Britain	6,081
Section P	♥ Royal Botanic Gardens, Kew	24,899
Section O	♠ National Forest Company	4,100
Section N	♥ Gangmasters Licensing Authority	3,310
Section M	♥ Consumer Council for Water	5,900
Section O	♠ Joint Nature Conservation Committee	1,920

Notes to the Main Estimate (*continued*)

Contingent liabilities

Nature of Liability	£'000
A potential disallowance liability in respect of partial payments and late payments attributed to the Common Agricultural Policy Single Payment Scheme	63,500
Various contingencies relating to non availability of automatic cross checks in the Rural Land Register for the England Rural Development Programme and a possible further 2% correction on payments on the Over Thirty Month Slaughter (OTMS) Scheme	7,350
Liability for landfill sites that do not reach the standards required by Pollution Prevention and Control regulations if the licence holder becomes insolvent	20,000
Various claims connected with the Foot and Mouth Disease outbreak	Unquantifiable
Infringements of the Urban Waste Water Treatment Directive could lead to substantial fines from the EU	Unquantifiable
Defra has an obligation under Article 14.2 of an agreement of 1988, registered with the UN, to support the Commonwealth Agricultural Bureau International (CABI). For the year to 31 December 2005, Defra provided 34% of the member contributions towards CABI's costs. Under the Agreement, Defra is required to underwrite any future deficit or recover any surplus on winding up of CABI in the same proportion as its members' contributions	13,000
Investment guarantees and various liabilities concerning accommodation lease commitments relating to the Waste and Resources Action Programme	7,462
Indemnity against all actions, costs and expenses made against the National Institute of Agricultural Botany (NIAB) arising from their contract with Defra	Unquantifiable
Potential costs of remediation of radioactive contaminated land in accordance with Contaminated Land Regulations 2006	Unquantifiable
Potential liabilities arising from small claims against Defra	4,200

