
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)	<u>Take up of DEL administration costs near-cash resource EYF</u>	
	To increase administration resource for Animal Health and Welfare (Section A).	9,000,000
	To increase administration resource for Environment (Section B).	6,600,000
	To increase administration resource for Sustainable Farming Food and Fisheries (Section C).	7,500,000
	To increase administration resource for Natural Resources and Rural Affairs (Section D).	3,000,000
	To increase administration resource for Departmental Operations (Section E).	23,900,000
(ii)	<u>Transfers from Central Funds</u>	
	To increase non-cash other current resource for Rural Payments Agency (Section F) by a claim on the Reserve.	305,000,000
	To increase near-cash other current resource for Natural Resources and Rural Affairs (Section D) by a claim on the Reserve	250,000
(iii)	<u>Transfers from non-voted spending</u>	
	To transfer other current resource from non-voted for Departmental Operations (Section E).	508,000
	To transfer other current resource from non-voted for Environment (Section B).	20,000,000
	To transfer other current resource from non-voted for Sustainable Farming Food and Fisheries (Section C).	5,000,000

Decreases:

(iv)	<u>Transfers to non-voted spending</u>	
	To transfer resource grants to non-voted from Environment (Section H).	-67,000
(v)	<u>Decrease in provision</u>	
	To decrease other current resource and grants for Rural Payments Agency (Sections F and I).	-47,066,000

Neutral Changes:

(vi)	<u>Changes in expenditure offset by Appropriations in Aid</u>	
	To increase administration resource and appropriations in aid for Animal Health and Welfare (Section A) by £250,000, Environment (Section B) by £1,100,000, Sustainable Farming Food and Fisheries (Section C) by £1,600,000, Departmental Operations (Section E) by £25,094,000, Other Executive Agencies (Section G) by £14,022,000.	

To increase other current resource and appropriations in aid for Animal Health and Welfare (Section A) by £18,048,000, Environment (Section B) by £1,780,000, Sustainable Farming Food and Fisheries (Section C) by £2,750,000, Natural Resources and Rural Affairs (Section D) by £3,869,000, Rural Payments Agency (Section F) by £8,675,000.

To decrease other current resource and grants, and appropriations in aid, for Rural Payments Agency (Section N) by £95,112,000.

(vii) Movements between subheads

To transfer £67,000,000 of other current resource from Rural Payments Agency (Section F) to Animal Health and Welfare (Section A).

Total change in resources for RfR1 333,625,000

Total change in resources for Estimate 333,625,000

Changes in capital

Neutral Changes:

(i) Increases in expenditure offset by Appropriations in Aid

To increase capital and non-operating appropriations in aid for Animal Health and Welfare (Section A) by £47,000, Departmental Operations (Section E) by £16,314,000, Rural Payments Agency (Section F) by £9,226,000, Other Executive Agencies (Section G) by £350,000.

(ii) Movements between subheads

To transfer £4,100,000 of capital from Departmental Operations (Section E) to Other Executive Agencies (Section G).

Total change in capital for Estimate -

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £1,228,625,000.

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.	333,625,000
Total additional net resource requirement	333,625,000
Additional net cash requirement	1,228,625,000

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.

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
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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	94,298	18,298	76,000	351,690
RfR 1 - B	Environment	942,987	29,480	2,880	26,600	969,587
RfR 1 - C	Sustainable Farming Food and Fisheries	130,221	16,850	4,350	12,500	142,721
RfR 1 - D	Natural Resources and Rural Affairs	352,383	7,119	3,869	3,250	355,633
RfR 1 - E	Departmental Operations	219,599	49,502	25,094	24,408	244,007
RfR 1 - F	Rural Payments Agency	2,822,349	201,206	8,675	192,531	3,014,880
RfR 1 - G	Other Executive Agencies	50,601	14,022	14,022	-	50,601
RfR 1 - H	Environment	241,242	-67	-	-67	241,175
RfR 1 - I	Rural Payments Agency	7,730	-1,597	-	-1,597	6,133

Non-Budget

RfR 1 - N	Rural Payments Agency	-	-95,112	-95,112	-	-
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Total RfR 1		315,701	-17,924	333,625
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Total Changes to RfRs		315,701	-17,924	333,625
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	Present Provision	Change in Provision	£000 New Provision
Capital and Cash			
Total Capital Expenditure	130,931	25,937	156,868
Non-Operating A in A	14,457	25,937	40,394
Net cash requirement	6,014,691	1,228,625	7,243,316

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.							
584,700	5,319,211	1,756,554	7,660,465	1,304,873	6,355,592	156,868	40,394
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Animal Health and Welfare							
36,237	306,699	27,136	370,072	18,382	351,690	47	47
B Environment							
41,937	519,890	413,249	975,076	5,489	969,587	640	-
C Sustainable Farming Food and Fisheries							
43,200	98,182	8,187	149,569	6,848	142,721	-	-
D Natural Resources and Rural Affairs							
26,310	261,375	75,814	363,499	7,866	355,633	-	-
E Departmental Operations							
231,571	50,955	5,220	287,746	43,739	244,007	80,094	30,771
F Rural Payments Agency							
-	3,023,080	475	3,023,555	8,675	3,014,880	38,997	9,226
G Other Executive Agencies							
205,445	51,873	-	257,318	206,717	50,601	37,090	350
<i>Support for Local Authorities</i>							
H Environment							
-	-	241,175	241,175	-	241,175	-	-
I Rural Payments Agency							
-	-	6,133	6,133	-	6,133	-	-
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							
-	969,157	-	969,157	969,157	-	-	-
O Other Executive Agencies							
-	38,000	-	38,000	38,000	-	-	-

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	
Spending in Annually Managed Expenditure (AME)								
<i>Central Government spending</i>								
P Environment	-	-	55,600	55,600	-	55,600	-	-
Total for Estimate:								
584,700	5,319,211	1,756,554	7,660,465	1,304,873	6,355,592	156,868	40,394	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
Net Resource Requirement	6,021,967	333,625	6,355,592
Voted capital items			
Capital	130,931	25,937	156,868
<i>Less: Non-operating A in A</i>	<i>14,457</i>	<i>25,937</i>	<i>40,394</i>
Total net voted capital	116,474	-	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	-122,646	-305,000	-427,646
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	-	1,200,000	1,200,000
Use of provisions	67,046	-	67,046
Total accruals to cash adjustments	-123,750	895,000	771,250
Excess cash to be CFERd	-	-	-
Net Cash Requirement	6,014,691	1,228,625	7,243,316

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):

	<u>Present provision</u>		<u>New provision</u>	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	2,534,819	<i>3,993,730</i>	2,487,753	<i>3,946,664</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	2,534,819	<i>3,993,730</i>	2,487,753	<i>3,946,664</i>

Forecast Operating Cost Statement

	£'000
	2006-07 provision
Net Administration Costs	
RfR 1	335,458
Total Net Administration Costs	335,458
Net Programme Costs	
RfR 1	3,532,381
Total Net Programme costs	3,532,381
Total Net Operating Cost	3,867,839
<i>of which:</i>	
Net Resource Requirement	6,355,592
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-2,487,753
Resource Budget	3,306,990

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2006-07 Provision
Net Resource Requirement (Estimates)	6,355,592
<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	-2,487,753
Net Operating Costs (Accounts)	3,867,839
<i>Adjustments to remove:</i>	
capital grants	-553,685
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	-67,189
unallocated resource provision	-
Other adjustments	37,820
Resource Budget (Budget)	3,306,990
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	3,194,683
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	553,685
European Union income related to capital grants	-
supported capital expenditure (revenue)	67
capital spending by levy funded bodies	846
unallocated capital provision	-
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	249,242
<i>of which:</i>	
Sale of goods and services	249,242
Programme	1,055,631
<i>of which:</i>	
Sale of goods and services	34,273
Regulatory licences, fines, penalties and taxes	22,205
EU Income	3,484,890
Other grant income (including repayment of grants/subsidies)	-
Interest and dividends	2,000
CFERs	-2,487,753
Other income (including receipts)	16
Total RfR1	1,304,873 †

† 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	1,304,873
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Analysis of non - operating appropriations in aid (A in A)

Programme	40,394
<i>of which:</i>	
Sale of assets	40,394
Total RfR1	40,394 †

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

Total Non - operating A in A	40,394
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Notes to the Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000	
	2006-07 provision	
	Income	Receipts
Rural Payments Agency EU income	2,487,753	3,946,664
Total	2,487,753	3,946,664
	2,487,753	3,946,664

Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	333,692	55,206	4,801,242	-1,606,559	3,194,683
<i>of which:</i>					
Administration budget*	50,000	-	335,458	-	335,458
Near-cash in RDEL	28,692	17,386	4,361,046	-1,804,407	2,556,639
Capital**	-67	67	691,659	204,567	896,226
Less Depreciation†	-	-	-42,771	-162,311	-205,082
Total	333,625	55,273	5,450,130	-1,564,303	3,885,827

* 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	1,345,267

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

