

The 2007 Comprehensive Spending Review (2007 CSR) increases the budget of the Department for Environment, Food and Rural Affairs (Defra) by 1.4 per cent a year in real terms over the period, taking the Department's total budget from £3,508 million in 2007-08 to £3,960 million by 2010-11. This increase in funding will be accompanied by value for money reforms, delivering net cash-releasing savings of £379 million per year by 2010-11. Together these provide for the delivery of:

- **spending for flood and coastal erosion risk management to rise from £600 million in 2007-08 to £800 million in 2010-11, inclusive of spending through local authorities;**
- **a step-change in investment for sustainable waste management options, with funding through the Private Finance Initiative rising from £280 million in 2007-08 to £700 million in 2010-11, totalling £2 billion over the CSR07 period; and**
- **£570 million contribution to the £1.2 billion Environmental Transformation Fund over the CSR07 period, focusing on the development and deployment of low carbon and energy efficient technologies, and to support development and poverty reduction through environmental protection, and help developing countries respond to climate change.**

Achievements so far

DI2.1 Defra has brought together the interests of environmental protection, farmers and the countryside, and food production under the overall aim of sustainable development. Over the last decade the Government has worked to tackle climate change, helping reduce greenhouse gas emissions, so that in 2005 emissions were 19.1 per cent below 1990 levels (net of emissions trading). The Government has also taken over 100,000 homes out of flood risk since 2004. To protect the natural environment the Government has worked to improve air quality standards so that between 1997 and 2004 nitrous oxides emissions fell by 24 per cent, and household composting and recycling rates have increased from 8 per cent in 1997 to 27 per cent in 2006. In addition, the Government has provided 1.4 million households with measures to improve the energy efficiency and comfort of their home between June 2000 and March 2007.

Responding to challenges ahead

DI2.2 The UK faces a range of pressures on natural resources and the global climate. The publication of the Stern Review in October 2006 showed that climate change could have significant global impacts, and that the costs will be manageable only if there is coordinated multilateral action, with flexibility of policy response. In England, the impacts of climate change are expected to include increases in flooding risk and drought. Defra will work to adapt to the increased risk of more severe flooding events and to address other key challenges, in particular the need to manage waste more sustainably and to secure a healthy natural environment. **Delivery of these priorities will be driven by the Departmental Strategic Objectives, which are:**

- **climate change tackled internationally, and through domestic action to reduce greenhouse gas emissions;**
- **a healthy, resilient, productive and diverse natural environment;**
- **sustainable patterns of consumption and production;**
- **an economy and society resilient to environmental risk and adapted to the impacts of climate change;**

- a thriving farming and food sector, with an improving net environmental impact;
- sustainable development championed across government, across the UK, and internationally;
- strong rural communities; and
- a respected Department delivering efficient and high quality services and outcomes.

DI2.3 Defra will also lead delivery of the cross-governmental Public Service Agreements (PSAs) to lead the global effort to avoid dangerous climate change and secure a healthy natural environment for today and the future.

RESOURCES AND REFORM

DI2.4 Over the last decade Defra's budget has risen from £2,523 million in 2002-03 to £3,508 million in 2007-08. **The 2007 CSR delivers further increases in Defra's budget by an annual average real growth rate of 1.4 per cent over the period from £3,508 million to £3,960 million.** These increases in funding will be accompanied by value for money reforms, delivering net cash-releasing savings of £379 million per year by 2010-11. The programme consists of a number of initiatives including:

- an increased sharing of responsibility for animal health and welfare with the industry, including further utilisation of cost sharing mechanisms. This will generate annual net cash-releasing savings of £121 million by 2010-11;
- building on the success of the 2004 Spending Review efficiency programme, where savings from procurement activities have been significantly above target, Defra will generate annual net cash-releasing procurement savings of up to £64 million by 2010-11;
- Defra will continue to implement the Renew Defra Programme. This programme is designed to further align the Defra's resources with its strategic priorities, and will involve restructuring within the Department; and
- Defra is currently planning to dispose of assets worth £52 million by 2010-11, the receipts from which will be reinvested in capital programmes.

DELIVERING A SUSTAINABLE FUTURE

Climate Change **DI2.5** The Government will continue to take steps to tackle climate change. The UK has already made progress in reducing carbon emissions from all sectors and is on track to exceed its Kyoto target of reducing greenhouse gas emissions by 12.5 per cent by 2012. The introduction of the Climate Change Bill will, for the first time, enshrine in statute the Government's commitment to reduce CO₂ emissions by 60 per cent by 2050 as well as putting in place a system of five-year carbon budgets to move towards this target.

DI2.6 In addition, the 2007 CSR allocates resources to continue the Warm Front programme, which provides heating, energy efficiency measures and benefit entitlement checks to low-income vulnerable households. The Government is also planning to substantially expand the Carbon Emissions Reduction Target (CERT) obligations on energy suppliers. Subject to final decisions, the combination of Warm Front and the focus on low-

income customers through the priority group obligation in CERT mean that spending on energy efficiency and other measures in low-income households will rise in the CSR07 period compared to the previous spending period (See Chapter 7).

Flood and Coastal Erosion Risk Management

DI2.7 The Stern review,¹ and the 2004 Foresight Future Flooding report,² both highlighted that climate change in the UK is likely to increase the severity and frequency of flooding events. Accordingly, total government expenditure on flood and coastal erosion risk management will rise from £600 million in 2007-08 to £800 million in 2010-11. The Government will also introduce an adaptation toolkit of £10 million per year to assist communities in adapting to change where constructing defences is not the most appropriate means of managing flood and coastal erosion risk.

Environmental Transformation Fund

DI2.8 This settlement provides for the creation of an Environmental Transformation Fund. Funding from Defra over the CSR period will total £170 million towards the £370 million domestic element, jointly managed with the Department for Business, Enterprise and Regulatory Reform. It will focus on the development and deployment of low carbon and energy efficient technologies. The £800 million international element is jointly managed with the Department for International Development, with each department contributing £400 million over the three years of CSR07. This funding will support development and poverty reduction through environmental protection, and help developing countries respond to climate change.

Waste Management

DI2.9 The 2007 Waste Strategy set out the good progress made in England, with household recycling rates up from 7.5 per cent in 1996-97 to 26.7 per cent in 2005-06. The 2007 CSR provides for significant investment in more sustainable waste management options, which will allow us to continue to reduce the amount of waste sent to landfill. Funding through the Private Finance Initiative will rise from £280 million in 2007-08 to £700 million in 2010-11.

Table DI9: Environment, Food and Rural Affairs baseline and additions

	£ million			
	Baseline	Additions		
	2007-08	2008-09	2009-10	2010-11
Resource DEL	2,897	38	69	76
of which near-cash	2,580	47	47	47
of which administration	365	-9	-18	-26
Capital DEL	782	218	268	418
Total DEL¹	3,508	236	306	452

¹ Full resource budgeting basis, net of depreciation.

¹ The Stern Review on the Economics of Climate Change, October 2006, www.hm-treasury.gov.uk/independent_reviews

² Future flooding, UK Government Foresight Programme, 2004, www.foresight.gov.uk