

# Department for Environment, Food and Rural Affairs

## Introduction

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

**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

Amount: £25,834,000

Sections: B, D and E

To increase admin for Departmental Operations (Section E) by £25,000,000 for take up of funding for the Developing Defra programme from the reserve.

To increase resource other current for Environment (Section B) by £84,000 and Natural Resources and Rural Affairs (Section D) by £750,000 for take up of Invest to Save Budget funding.

(ii) Increase in Provision

Amount: £86,154,000

Sections: I and O

To increase AME resource other current for Rural Payments Agency (Section I) by £30,644,000; AME Resource Grants for Rural Payments Agency (Section I) by £550,000, Non-Budget resource grants for Rural Payments Agency (Section O) by £54,960,000.

### Decreases:

(i) Transfers to Other Government Departments

Amount: £10,945,000

Sections: B and D

To decrease resource other current for Environment (Section B) by a transfer to the Ministry of Defence (£4,745,000); Natural Resources and Rural Affairs (Section D) by transfers to the Office of the Deputy Prime Minister (£5,362,000) and the Forestry Commission (£838,000).

(ii) Decrease in Provision

Amount: £101,611,000

Section: O

To increase Non-Budget appropriations in aid for Rural Payments Agency (Section O) by £101,611,000.

### Neutral Changes:

(i) Movements between sections

Sections: A, B C, D, E, F and G

Various movements between DEL sections, net effect neutral within DEL:

To decrease resource other current for Animal Health and Welfare (Section A) by £5,146,000. To increase resource other current for Environment (Section B) by £9,210,000, resource grants by £8,830,000. To increase admin for Sustainable Farming, Food and Fisheries (Section C) by £6,365,000, resource other current by £913,000, and to decrease resource grants by £123,000. To increase resource other current for Natural Resources and Rural Affairs (Section D) by £92,806,000, resource grants by £18,490,000, and to decrease operating appropriations in aid by £80,000. To decrease admin for Departmental Operations (Section E) by £6,365,000, resource other current by £14,829,000, resource grants by £25,000. To decrease resource other current for Rural Payments Agency (Section F) by £120,206,000. To decrease operating appropriations in aid for Other Executive Agencies (Section G) by £10,000,000.

## Introduction (*continued*)

(ii) Increases in expenditure offset by increases in Appropriations in Aid

Sections: B, E and F

To increase non-operating Appropriations in Aid for Rural Payments Agency (Section F) by £6,239,000, offset by an increase to Capital of £3,588,000 and by an increase to Profit/loss on sale of assets by £2,651,000.

Various increases in expenditure offset by equal increases in operating appropriations in aid: £250,000 for Environment (Section B), £500,000 for Rural Payments Agency (Section F), £541,000 for Departmental Operations (Section E).

(iii) Machinery of Government

Amount: £3,300,000 expenditure offset by £3,300,000 income

Sections: B and K

To increase operating appropriations in aid for Environment (Section B) by £3,300,000, Non-Budget Grant in Aid (Section K) by £3,300,000, and non-Voted DEL Resource by £3,300,000 to reflect transfer of responsibility for the Consumer Council for Water from OFWAT.

(iv) Other neutral changes

To increase capital grants for local authorities for Environment (Section H) by £3,220,000, offset by a decrease in non-voted capital for Environment Agency of £2,800,000, and non-voted supported capital expenditure of £420,000.

To increase Non-Budget Grant in Aid (Section L) and non-voted DEL resource for Sustainable Food Farming and Fisheries by £4,362,000 offset by an equal decrease in resource other current (Section C) for the Gangmasters Licensing Authority.

To increase resource other current for Other Executive Agencies (Section G) by £5,220,000, offset by an equal decrease in Departmental Operations (Section E) for the Government Decontamination Service.

To increase resource other current for Other Executive Agencies (Section G) by £20,419,000, offset by an equal decrease in Sustainable Farming, Food and Fisheries (Section C) for the Marine Fisheries Agency.

To decrease Consolidated Fund Extra Receipts (CFERs) for the Rural Payments Agency in respect of the Single Farm Payment by £38,168,000.

2. There is no change to the net cash requirement as a result of these changes.
3. Symbols are explained in the Introduction to this booklet.

**Part I**

£

<b>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.</b>	†	<b>1,000</b>
Total additional net resource requirement		1,000
<b>Additional net cash requirement</b>		<b>-</b>

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; 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 and associated non-cash costs.

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

† Responsibility for consumer representation functions of Water Voice and additional functions under the Water Act 2003 were transferred to the new Consumer Council for Water, a non departmental body funded by the Department for Environment, Food and Rural Affairs, with effect from 1 October 2005. The transfer from the Office of Water Services relating to the machinery of government transfer is an increase in both gross spending and appropriations in aid of £3,300,000 with no impact on net resources or cash.

## 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
<b>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.</b>					
<b>Spending in Departmental Expenditure Limits (DEL)</b>					
RfR 1 - A Animal Health and Welfare	270,823	-5,146	-	-5,146	265,677
RfR 1 - B Environment	706,766	8,409	3,550	4,859	711,625
RfR 1 - C Sustainable Farming Food and Fisheries	123,450	-17,626	-	-17,626	105,824
RfR 1 - D Natural Resources and Rural Affairs	287,555	105,846	-80	105,926	393,481
RfR 1 - E Departmental Operations	315,448	4,322	541	3,781	319,229
RfR 1 - F Rural Payments Agency	462,767	-122,357	500	-122,857	339,910
RfR 1 - G Other Executive Agencies	52,601	25,639	-10,000	35,639	88,240
RfR 1 - H Environment	152,930	3,220	-	3,220	156,150
<b>Spending in Annually Managed Expenditure (AME)</b>					
RfR 1 - I Rural Payments Agency	2,272,926	31,194	-	31,194	2,304,120
<b>Non-budget</b>					
RfR 1 - K Environment	659,148	3,300	-	3,300	662,448
RfR 1 - L Sustainable Farming Food and Fisheries	7,294	4,362	-	4,362	11,656
RfR 1 - O Rural Payments Agency	205,143	54,960	101,611	-46,651	158,492
<b>Total RfR 1</b>		<b>96,123</b>	<b>96,122</b>	<b>1</b>	

	Present Provision	Change in Provision	£000 New Provision
<b>Capital and Cash</b>			
Total Capital Expenditure	96,083	3,588	99,671
Non-Operating A in A	5,480	6,239	11,719
<b>Net cash requirement</b>	<b>5,637,160</b>	<b>-</b>	<b>5,637,160</b>

**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
<b>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.</b>							
394,724	3,888,975	2,387,316	6,671,015	971,544	5,699,471	99,671	11,719
<b>Spending in Departmental Expenditure Limits (DEL)</b>							
<i>Central Government spending</i>							
<b>A Animal Health and Welfare</b>							
26,928	211,638	27,136	265,702	25	265,677	5,540	-
<b>B Environment</b>							
33,897	483,670	199,656	717,223	5,598	711,625	3,584	-
<b>C Sustainable Farming Food and Fisheries</b>							
34,100	74,017	205	108,322	2,498	105,824	-	-
<b>D Natural Resources and Rural Affairs</b>							
23,310	299,365	72,814	395,489	2,008	393,481	-	-
<b>E Departmental Operations</b>							
236,776	92,460	5,220	334,456	15,227	319,229	55,059	5,480
<b>F Rural Payments Agency</b>							
-	340,410	-	340,410	500	339,910	8,388	6,239
<b>G Other Executive Agencies</b>							
39,713	83,845	4,998	128,556	40,316	88,240	27,100	-
<i>Support for Local Authorities</i>							
<b>H Environment</b>							
-	-	156,150	156,150	-	156,150	-	-
<i>Rural Payments Agency</i>							
-	-	-	-	-	-	-	-
<b>Spending in Annually Managed Expenditure (AME)</b>							
<i>Central government spending</i>							
<b>I Rural Payments Agency</b>							
-	2,303,570	550	2,304,120	-	2,304,120	-	-
<i>Support for Local Authorities</i>							
<b>J Rural Payments Agency</b>							
-	-	6,445	6,445	-	6,445	-	-
<b>Non-budget</b>							
<b>K Environment</b>							
-	-	662,448	662,448	-	662,448	-	-
<b>L Sustainable Farming Food and Fisheries</b>							
-	-	11,656	11,656	-	11,656	-	-
<b>M Natural Resources and Rural Affairs</b>							
-	-	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							
-	-	1,063,864	1,063,864	905,372	158,492	-	-	
	<i>Animal Health and Welfare</i>							
-	-	-	-	-	-	-	-	
<b>Total for Estimate:</b>								
<b>394,724</b>	<b>3,888,975</b>	<b>2,387,316</b>	<b>6,671,015</b>	<b>971,544</b>	<b>5,699,471</b>	<b>99,671</b>	<b>11,719</b>	

## Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
<b>Net total Resources</b>	<b>5,699,470</b>	<b>1</b>	<b>5,699,471</b>
<b>Voted capital items</b>			
Capital expenditure	96,083	3,588	99,671
<i>Less: non-operating A in A</i>	<u>5,480</u>	<u>6,239</u>	<u>11,719</u>
<b>Total net voted capital</b>	<b>90,603</b>	<b>-2,651</b>	<b>87,952</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-45,379	-	-45,379
Depreciation	-107,771	-	-107,771
New provisions and adjustments to previous provisions	-	-	-
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>-</u>	<u>-</u>
<b>Total accruals to cash adjustments</b>	<b>-152,913</b>	<b>2,651</b>	<b>-150,262</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustment to remove token increase in cash</b>	<b>-</b>	<b>-1</b>	<b>-1</b>
<b>Net cash requirement</b>	<b>5,637,160</b>	<b>-</b>	<b>5,637,160</b>

## 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>	
	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>
Operating income not classified as A in A	2,619,414	<i>2,600,419</i>	2,581,246	<i>2,562,251</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	-	-	-	-
<b>Total</b>	<u><b>2,619,414</b></u>	<u><i>2,600,419</i></u>	<u><b>2,581,246</b></u>	<u><i>2,562,251</i></u>

## Forecast Operating Cost Statement

	£'000
	2005-06 provision
<b>Net Administration Costs</b>	
RfR 1	342,064
<b>Total Net Administration Costs</b>	<b>342,064</b>
<b>Net Programme Costs</b>	
RfR 1	2,776,161
<b>Total Net Programme costs</b>	<b>2,776,161</b>
<b>Total Net Operating Cost</b>	<b>3,118,225</b>
<i>of which:</i>	
<b>Net Resource Outturn</b>	<b>5,699,471</b>
CFERs	-2,581,246
Non-voted expenditure	-
<b>Resource Budget Outturn</b>	<b>5,413,336</b>

## Notes to the Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2005-06 Provision
<b>Net Resource Outturn (Estimates)</b>	<b>5,699,471</b>
<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	-2,581,246
Other adjustments	-
<b>Net Operating Costs (Accounts)</b>	<b>3,118,225</b>
<i>Adjustments to remove:</i>	
capital grants to local authorities	-127,920
capital grants financed from the Capital Modernisation Fund	-
European Union income and related adjustments	920,438
voted expenditure outside the budget	-1,077,480
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	2,581,246
resource consumption of non departmental public bodies	-9,123
unallocated resource provision	-
Other adjustments	7,950
<b>Resource Budget Outturn (Budget)</b>	<b>5,413,336</b>
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	3,031,201
Annually Managed Expenditure (AME)	2,382,135

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2005-06 Provision
<b>Net Voted Capital Outturn (Estimates)</b>	<b>87,952</b>
<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	99,461
capital grants to local authorities	127,820
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	-
<b>Capital Budget Outturn (Budget)</b>	<b>340,096</b>
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	338,700
Annually Managed Expenditure (AME)	1,396

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## 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.

<b>Request for Resources 1</b>	Helen Ghosh, Principal Accounting Officer and Permanent Head of Department
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Helen Ghosh as the Principal Accounting Officer (PAO) and Acting 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	905,372	-
Fees and charges to external customers	46,630	-
Other programme income	19,542	-
Sale of land and buildings	-	11,719
<b>Total RfR 1</b>	<b>971,544 *</b>	<b>11,719 **</b>
<i>of which: Administration budgets</i>	<i>52,119</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 and buildings.

## 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	2,610,663	2,636,587
<b>Total</b>	<b>2,655,582</b>	<b>2,636,587</b>

### 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		£'000
		Voted	Non-voted	Total
Resource	12,238	2,253,666	777,535	3,031,201
<i>of which : Administration Budget</i>	<i>25,000</i>	<i>342,064</i>	<i>-</i>	<i>342,064</i>
Capital	-	218,423	120,277	338,700
Depreciation*	-	-107,771	-97,311	-205,082
Total	12,238	2,364,318	800,501	3,164,819

\*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  
983,263

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 ♥	659,148
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