

**Department for Environment, Food and Rural Affairs**  
**Supplementary Estimate 2024-25**  
**Select Committee Memorandum**

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## **1. Overview**

The purpose of this memorandum is to provide an overview and analysis of the Resource, Capital and cash sought in the 2024-25 Supplementary Estimate and to demonstrate consistency with the plans approved in the 2021 Spending Review (SR21). It also sets out changes from the 2024-25 Main Estimate and provides background information.

This memorandum has been prepared with reference to guidance provided by the House of Commons Scrutiny Unit. The information in this memorandum has been approved by Dame Tamara Finkelstein (DCB), Accounting Officer and Permanent Secretary of the Department for Environment, Food and Rural Affairs (Defra).

### **1.1 Priority Outcomes**

Defra's Priority Outcomes have been amended to reflect the priorities of the new government, with the department focussed on delivering the Secretary of State's five priorities. These are as follows:

- Priority Outcome 1: Clean up Britain's rivers, lakes and seas
- Priority Outcome 2: Create a roadmap to a circular economy
- Priority Outcome 3: Support farmers to boost food security
- Priority Outcome 4: Ensure nature's recovery
- Priority Outcome 5: Protect communities from the dangers of flooding

In addition to these priorities, Defra continues to manage a number of critical sectors, systems and risks on behalf of the government. These are:

- Adapt to climate change and achieve net zero
- Manage and respond to environmental hazards and incidents
- Lead international action to mitigate and adapt to global climate change
- Enhance biosecurity
- Grow the rural economy and increase the resilience of rural and coastal communities
- Facilitate economic resilience and sustainable practices in the fisheries sector
- Facilitate economic resilience and sustainable practices in the forestry sector
- Maintain and improve animal health and welfare standards
- Manage exposure to chemicals and pesticides
- Increase private finance into nature's recovery
- Improve planning processes and performance
- Ensure smooth transfer of goods from, to and between all parts of the UK

Defra's spending is designed to support its outcomes. Tables and graphs in this memorandum break Defra's spend down by Estimate subhead. These are aligned to the table at Part II of the Supplementary Estimate and represent Defra's main spending programmes. Details of which spending programmes relate to which outcomes are given in Section 3.1.

## 1.2 Spending controls

Defra's spending is broken down into five spending totals, for which Parliament's approval is sought.

The information below sets out the key budgeted activities covered by each spending total supported by provision in this Estimate. The budgets support delivery of the Department's Priority Outcomes. They reflect the settlements agreed for Defra as part of SR21, plus further changes announced in subsequent fiscal events.

The spending totals which Parliament votes are:

- The Resource Departmental Expenditure Limit (**Resource DEL**) includes the Administration budget for running Core Defra and its Delivery Bodies and the Programme budget for spend on responsibilities including Farm Support; Waste; Animal Disease, Health and Welfare; Natural Environment; and Flood and Coastal Risk Management. Included within Resource DEL budgets are ring-fenced budgets for depreciation and specific policy activities. These ring-fences are detailed in section 2.3.
- The Capital Departmental Expenditure Limit (**Capital DEL**) mainly includes the budget relating to Flood and Coastal Risk Management. It also includes funding to support Science Capability in Animal Health and the Critical Works programme at Weybridge; the Farm Support programme; and the Nature for Climate Fund, all of which are ring-fenced. The remainder of the Capital DEL budget has been allocated in accordance with the Department's prioritisation of capital projects.
- Resource Annually Managed Expenditure (**Resource AME**) is all classified as Programme and includes movements on provisions, including for the commitment to pay area-based direct payments to farmers linked to 2023 claims, the Environment Agency (EA) pension schemes, Avian Influenza and the Common Agricultural Policy (CAP) disallowance. Budget is also included for Flood Re and Levy Funded Bodies (the Agriculture and Horticulture Development Board (AHDB) and the Sea Fish Industry Authority (SFIA)), net of levy income and their other income streams.
- Capital Annually Managed Expenditure (**Capital AME**) mainly covers the capital costs of the Levy Funded Bodies.
- **Non-Budget** previously provided budget cover for Rural Development programmes administered by the Devolved Administrations. These payments made by the Devolved Administrations were funded by the Rural Payments Agency (RPA) and subsequently recovered by RPA from the European Commission (EC), in their role as the UK Funding Body. A small budget was held by RPA to cover exchange rate differences that may have arisen due to the timing differences between the claim date

and the date of actual reimbursement by the EC. Funding activity has ceased, and we are now awaiting closure of the Rural Development programmes. No more income or expenditure is expected beyond the small expenditure budget held to cover foreign exchange and any write-offs relating to the settlement of the funding relationship.

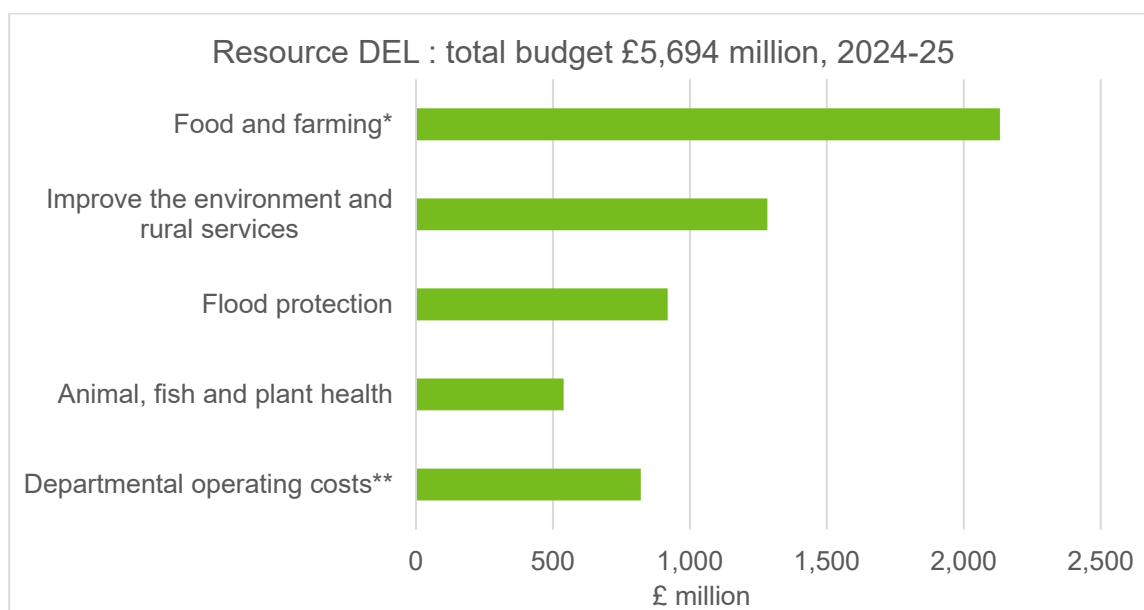
Budget cover is also included here for prior period adjustments.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require Defra to pay out cash in year.

Main Estimates are presented to Parliament by HM Treasury in order to seek Parliament’s authority for departmental spending plans. They are usually presented in April/May each year. Departments should seek a Supplementary Estimate in order to change voted spending provision, reallocate spending provision between budgetary limits or amend the Ambit. Supplementary Estimates are usually presented to Parliament by HM Treasury in January/February each year.

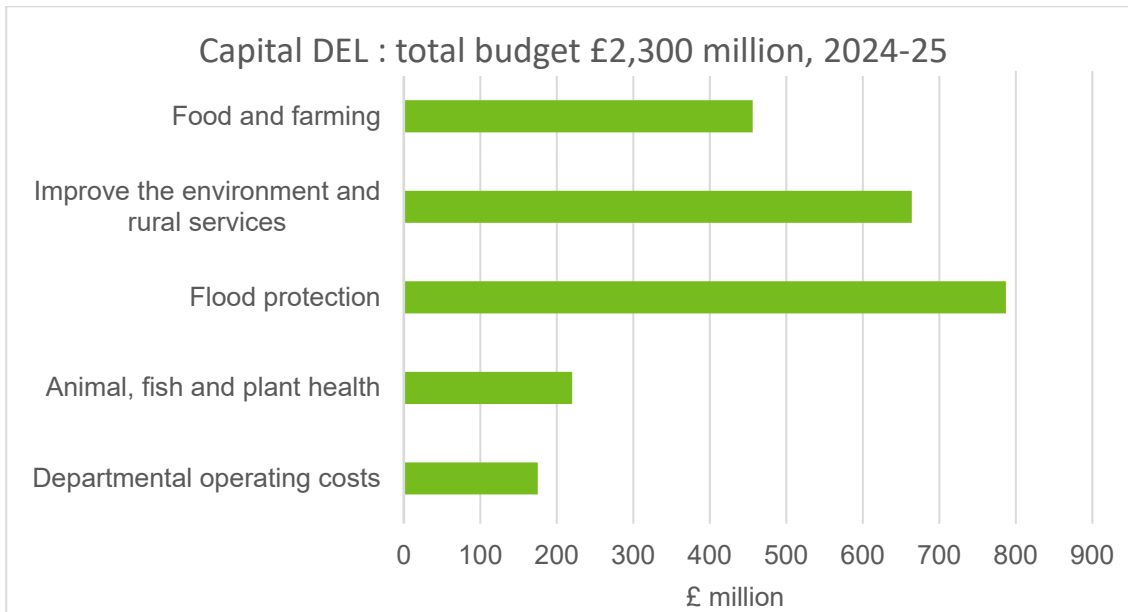
### 1.3 Main areas of spending

The graphic below shows the main components of Defra’s proposed budget for 2024-25 included in this Supplementary Estimate, and the proportions of funds spent on its main activities.



\*Food and farming includes £2.01 billion for the Farm Support programme.

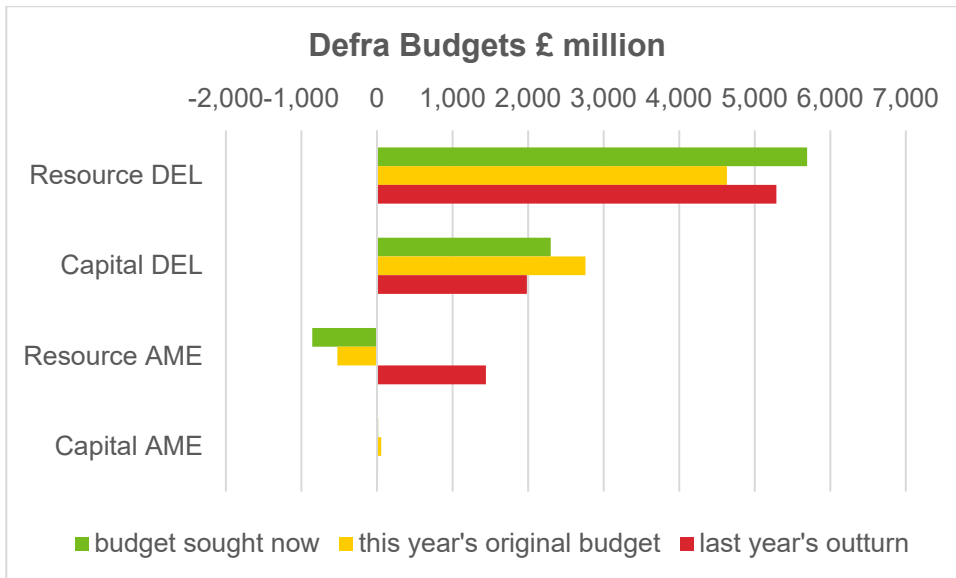
\*\*Departmental operating costs includes HR, IT, estates, communications and finance functions from the largest network bodies, including associated depreciation. These have been brought into the core Department and have formed group-wide functions, which will improve prioritisation, decision-making, professionalism and efficiency. Many of these costs directly support the front line work in the main operating areas.



#### 1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for Defra compare with last year and the original budget this year:

Spending total Amounts sought this year (Supplementary Estimate 2024-25)	Original Budget this year (Main Estimate 2024-25)		<i>Difference between the current year's proposed budget and the original budget this year</i>		Final Outturn last year (Outturn 2023-24)		<i>Difference between the current year's proposed budget and final outturn last year</i>	
	£m	£m	£m	%	£m	£m	%	
<b>Resource DEL</b>	<b>5,694.3</b>	4,632.9	1,061.4	22.9	5,285.8	408.5	7.7	
<b>Capital DEL</b>	<b>2,300.3</b>	2,759.4	-459.1	-16.6	1,984.1	316.2	15.9	
<b>Resource AME</b>	<b>-857.1</b>	-523.5	-333.6	-63.7	1,441.9	-2,299.0	-159.4	
<b>Capital AME</b>	<b>16.1</b>	56.7	-40.6	-71.6	13.2	2.9	22.0	



### 1.5 Key drivers of spending changes since the original budget included in the 2024-25 Main Estimate

The Resource DEL budget has increased by £1,061.4 million since the 2024-25 Main Estimate. The main causes of the changes in Resource DEL are explained in more detail in the table below:

Change (£m)	Reason for change
458.4	<p>Increase in budget due to reclassifications from Capital DEL to Resource DEL:</p> <ul style="list-style-type: none"> <li>○ £276.0 million within the Environment Agency, with the majority being to better align the budgeting treatment of project expenditure with accounting standards.</li> <li>○ £93.0 million for digital programmes to recognise spending in this sector has changed. This is to reflect the trend away from building bespoke IT assets that reside in on-premise data centres towards buying capabilities as a service and hosting applications in rented infrastructure in the cloud. HM Treasury have recognised that departments may require these budget changes and have reflected this in budgeting guidance.</li> <li>○ £81.0 million for farm support to meet Countyside Stewardship contractual commitments.</li> <li>○ £8.4 other small reclassifications</li> </ul>
316.1	<p>Increase in budget due to claims from the Reserve agreed with HM Treasury:</p> <ul style="list-style-type: none"> <li>○ £200.0 million for the Farm Support budget that was reprofiled from the 2023-24 Capital DEL budget. This was reprofiled to enable funding rollout of environmental land management schemes at the levels of take-up and ambition that are required to deliver government's statutory carbon and environment targets.</li> <li>○ £67.4 million for the Biosecurity, Borders and Trade Programme, including the movement assistance scheme and the common user charge.</li> <li>○ £25.0 million for exotic disease outbreaks, including Bluetongue and the costs of Avian Influenza, including culling, disposal and compensation.</li> <li>○ £23.7 million other smaller reserve claims.</li> </ul>

280.0	Increase in the depreciation budget for the Environment Agency due to a change in the way operational assets are valued.
6.9	Other net increase across various programmes.
<b>1,061.4</b>	<b>Total increase since the 2024-25 Main Estimate</b>

The Capital DEL budget has decreased by £459.1 million since the 2024-25 Main Estimate. The main causes of the changes in Capital DEL are explained in more detail in the table below:

<b>Change (£m)</b>	<b>Reason for change</b>
-458.4	Decrease in budget due to reclassifications from Capital DEL to Resource DEL, as explained in the Resource DEL section.
-0.7	Other net decrease across various programmes.
<b>-459.1</b>	<b>Total decrease since the 2024-25 Main Estimate</b>

The Resource AME budget has decreased by £333.6 million since the 2024-25 Main Estimate. The main causes of the changes in Resource AME are explained in more detail in the table below:

<b>Change (£m)</b>	<b>Reason for change</b>
-313.0	Decrease mainly due to a change in values to the 2025 and 2026 rates used to calculate the commitment to pay area-based direct payments for farmers linked to 2023 claims. These payments are being phased out from 2021 to 2028 and replaced by new schemes to support sectoral productivity, resilience, and environmental performance. The government has committed that from 2024 the residual direct payments due to farmers will be "delinked" from land area. Farmers will receive the delinked payment annually by virtue of having claimed in 2023 and will not need to submit further applications or evidence.
-158.2	Decrease in the EA Pension provision following a revised actuarial forecast.
58.0	Increase due to the possible need to raise a provision for Avian Influenza relating to the potential for claimants to appeal to the Supreme Court in respect of Defra's compensation policy for birds culled for Avian Influenza control. Since finalising the Supplementary Estimate numbers with HM Treasury, confirmation has been received that there were no appeals.
45.0	Increase due to the CAP Disallowance provision. The original budget held a credit entry to reflect the expected utilisation of the provision. The provision will not be utilised in year.
45.0	Increase due to the impairment of Habitat creation schemes relating to a change in accounting policy which means they will be impaired at the point of capitalisation rather than depreciated as per the previous policy.

-10.4	Other net decrease, mainly for expected movements in other provisions held by the department.
<b>-333.6</b>	<b>Total decrease since the 2024-25 Main Estimate</b>

The Capital AME budget has decreased by £40.6 million since the 2024-25 Main Estimate. This mainly relates to the budget for dilapidation provisions capitalised as part of the right-of-use asset under International Financial Reporting Standard 16 (IFRS 16). This accounting standard states how leases should be presented, recognised, measured and disclosed in the annual accounts. Budgets across the years were based on best estimates of the projected capital costs across the corporate estate. These estimates are now lower than originally expected.

In addition to the above, Non-Budget has increased by £99.0 million since the 2024-25 Main Estimate. This is for the following prior period adjustments:

<b>Change (£m)</b>	<b>Reason for change</b>
45.0	The Environment Agency are changing their accounting policy relating to fees and charges. Historically, an override to IFRS 15 (the accounting standard that outlines a single comprehensive framework for entities to use in accounting for revenue arising from contracts with customers) has been applied and the Environment Agency has recognised deficits on charge schemes as accrued income and surpluses as deferred income. This policy is an outlier across government and the Environment Agency are reviewing this in 2024-25. The change in accounting policy will reverse a net £45m asset made up of £63m of accrued income and £18m of deferred income at 31 March 2024.
44.0	The Environment Agency are changing their accounting policy relating to habitat creation schemes. These will now be impaired at the point of capitalisation, rather than depreciated as per the previous accounting policy.
10.0	A prior period adjustment is needed at the Environment Agency to adjust depreciation charged in prior years. This follows a programme of work to improve the accuracy of data recorded on operational assets, which is used to value those assets on a depreciated replacement cost basis. Where this means we need to revalue assets, the depreciation charged in prior years needs correcting.
<b>99.0</b>	<b>Total increase since the 2024-25 Main Estimate</b>

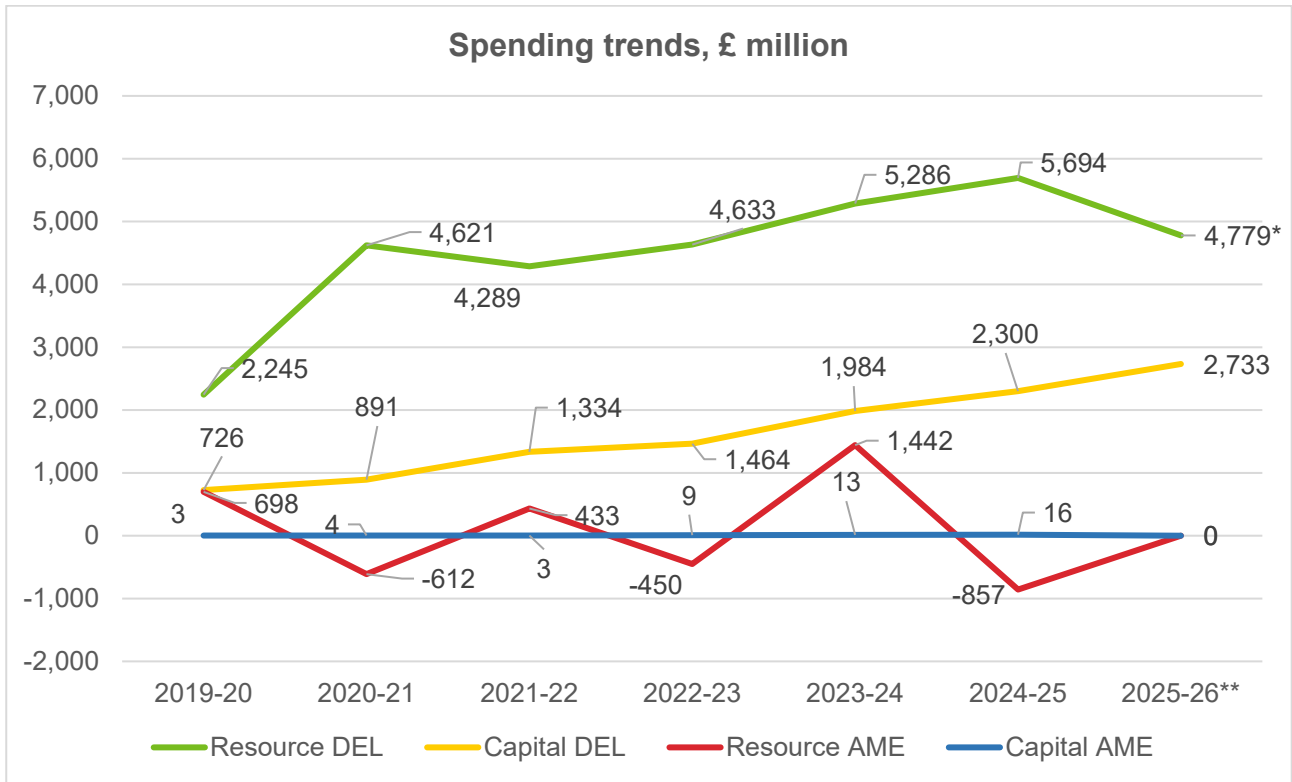
## 1.6 New policies and programmes; Ambit changes

There have been no substantial changes to the Ambit in this Supplementary Estimate.



## 1.7 Spending trends

The chart below shows overall spending trends for the last five years and plans for the next two years, as set out in SR21 and SR24, and presented in Estimates for 2024-25.



\*The 2025-26 Resource DEL figure excludes depreciation

\*\* 2025-26 budgets will be confirmed at Main Estimates

The increase in Resource DEL 2020-21 reflects the additional budget received for direct payments to farmers following the UK's planned departure from the European Union (EU). This activity was previously funded by the EU rather than the Exchequer. The increase in 2020-21 also included additional budget given to the department to support its response to the COVID-19 pandemic. The budgets for future years reflect those agreed at SR21 and SR24, which gave the department more certainty to plan for the delivery of our ambitious outcomes, including a commitment to make savings and efficiencies across the Defra group. 2024-25 includes budget increases processed in this Supplementary Estimate, mainly due to budget reclassifications from Capital DEL to Resource DEL, claims on the Reserve and an increase in the depreciation budget for the Environment Agency, as explained in section 1.5.

The Capital DEL budget shows an overall increase across the period. This reflects increased investment in IT and property; additional funding for EU exit to provide for additional infrastructure and systems, including IT development, to support new border controls; and additional funding for flood and coastal risk management. The increases from 2021-22 include additional budget for capital payments to farmers; Science Capability in Animal Health and the Critical Works programme at Weybridge; flood and coastal defence programmes; biodiversity; and Nature for Climate Fund.

Resource AME budgets vary greatly over the years due to the volatility of provisions valuations. The large value in 2019-20 mainly reflects increases in the valuation of the Metal Mine and Foot and Mouth Disease Burial Sites provisions due to a change in the discount rate; and an increase in the CAP Disallowance provision relating to Basic Payment Scheme years 2017, 2018 and 2019. The large increase in 2023-24 mainly relates to the commitment to pay area-based direct payments for farmers linked to that year's claims, and the decrease in 2024-25 relates to the fall in value of the liability for this commitment to pay farmers, as explained in section 1.5.

Capital AME has remained fairly constant across the period.

## 1.8 Administration costs

Spending total Amounts sought this year (Supplementary Estimate 2024-25)	Original Budget this year (Main Estimate 2024-25)		<i>Difference between the current year's proposed budget and the original budget this year</i>		Final Outturn last year (Outturn 2023-24)		<i>Difference between the current year's proposed budget and final outturn last year</i>	
	£m	£m	£m	%	£m	£m	%	
Administration costs	1,136.0	961.9	174.1	18.1	1,060.8	75.2	7.1	

Administration budgets show a small increase from the 2024-25 Main Estimate, mainly due to the element of the reclassification from Capital DEL to Resource DEL for digital programmes that affected the administration budget, and the administration element of the claims on the Reserve, including for the 2024-25 pay remit. Outside of these increases, the core departmental administration budget has remained relatively steady, with tight controls on recruitment offsetting inflationary costs in other areas.

## 1.9 Funding: Spending Review and Budgets

The levels of Resource and Capital DEL funding for Defra for 2024-25 are based on plans published in SR21. Since that time, the main changes to the Department's budgets as reflected in this Supplementary Estimate are set out in Annex B.

## 2 Spending detail

### 2.1 Explanations of changes in spending

#### Resource DEL

The table below shows how Defra's spending plans for Resource DEL compare with the Main Estimate from the beginning of the year.

Resource DEL						
Subheads	Description	2024-25 Supplementary Estimates budget sought	2024-25 Main Estimates budget approved	Change from Main Estimate		see note number
		£m	£m	£m	%	
A	Food and farming	2,132.0	2,038.5	93.5	4.6	1
B, G	Improve the environment and rural services	1,282.7	1,164.4	118.3	10.2	2
C, H	Flood protection	919.0	454.0	465.0	102.4	3
D, E, I	Animal, fish and plant health	539.4	437.3	102.1	23.3	4
F	Departmental operating costs	821.2	538.7	282.5	52.4	5
	<b>Total</b>	<b>5,694.3</b>	<b>4,632.9</b>	<b>1,061.4</b>	<b>22.9</b>	

Variations between the current and past budget are given below:

- Where the variation is greater than both 10% and £10 million
- Where the variation is greater than both 5% and £200 million
- Any other variation whereby an explanation is necessary i.e. significant new spending programmes or unusual one-off spending items

Further detail of spending within these totals is given in the Table at Annex A.

#### 1. Food and farming

Resource DEL spending under this subhead is forecast to increase by £93.5 million or 4.6% since the Main Estimate. This mainly relates to the transfer of the farm support budget from Capital DEL to Resource DEL to meet Countyside Stewardship contractual commitments, as explained in section 1.5.

#### 2. Improve the environment and rural services

Resource DEL spending under this subhead is forecast to increase by £118.3 million or 10.2% since the Main Estimate. This mainly relates to the increase in the depreciation budget and digital reclassifications from Capital DEL to Resource DEL for the Environment Agency, as explained in section 1.5.

#### 3. Flood protection

Resource DEL spending under this subhead is forecast to increase by £465.0 million or 102% since the Main Estimate. This mainly relates to the increase in the depreciation budget and reclassifications of project and digital spend and from Capital DEL to Resource DEL for the Environment Agency, as explained in section 1.5.

#### 4. Animal, fish and plant health

Resource DEL spending under this subhead is forecast to increase by £102.1 million or 23.3% since the Main Estimate. This mainly relates to the claim on the Reserve for exotic disease outbreaks, including Bluetongue and the costs of Avian Influenza, as explained in section 1.5; and budget increases to the Biosecurity, Borders and Trade Programme, including for the common user charge and movement assistance scheme.

#### 5. Departmental operating costs

Resource spending under this subhead is forecast to increase by £282.5 million or 52.4% since the Main Estimate. This is mainly due to the Reserve claim for the Farm Support programme and an element of the Capital DEL to Resource DEL transfer for Environment Agency, as described in section 1.5. These were allocated out to the relevant business area in the Main Estimate to aid planning, meaning a credit budget was held in the centre. These allocations from HM Treasury have been allocated to the centre in the Supplementary Estimate to balance out this credit.

### Capital DEL

The table below shows how Defra's spending plans for Capital DEL compare with Main Estimate from the beginning of the year.

Capital DEL						
Subheads	Description	2024-25 Supplementary Estimates budget sought	2024-25 Main Estimates budget approved	Change from Main Estimate		see note number
		£m	£m	£m	%	
A	Food and farming	455.7	690.5	-234.8	-34.0	6
B, G	Improve the environment and rural services	663.8	474.3	189.5	40.0	7
C, H	Flood protection	786.9	944.9	-158.0	-16.7	8
D, E, I	Animal, fish and plant health	219.1	133.7	85.4	63.9	9
F	Departmental operating costs	174.8	516.0	-341.2	-66.1	10
	<b>Total</b>	<b>2,300.3</b>	<b>2,759.4</b>	<b>-459.1</b>	<b>-16.6</b>	

Variations between the current and past budget are given below:

- Where the variation is greater than both 10% and £10 million
- Where the variation is greater than both 5% and £200 million
- Any other variation whereby an explanation is necessary i.e. significant new spending programmes or unusual one-off spending items

Further detail of spending within these totals is given in the Table at Annex A.

## 6. Food and farming

Capital spending under this subhead is forecast to decrease by £234.8 million or 34.0% since the Main Estimate. This is largely driven by Ministerial decisions that were taken during the summer to stop some schemes, that had been developed by the previous administration, from launching in order to manage the wider departmental position. This included transferring some budget from Capital DEL to Resource DEL to meet Countyside Stewardship contractual commitments and transferring some budget to the Sanitary and Phytosanitary Infrastructure programme, mainly for buildings on the Northern Irish border related to border checks and trade. Other smaller budget transfers were also reflected here.

## 7. Improve the environment and rural services

Capital DEL spending under this subhead is forecast to increase by £189.5 million or 40.0% since the Main Estimate. This includes an increase in budget for the Sanitary and Phytosanitary Infrastructure programme, mainly for buildings on the Northern Irish border related to border checks and trade, following a transfer from the Farm Support programme; an increase in the resource and waste budget which covers spend on digital systems for packaging recovery and digital waste tracking schemes; and transfers of resource and development budget from the centre.

## 8. Flood protection

Capital spending under these subheads is forecast to decrease by £158.0 million or 16.7% since the Main Estimate. This mainly relates to the reclassifications of project and digital spend from Capital DEL to Resource DEL in the Environment Agency, as explained in section 1.5.

## 9. Animal, fish and plant health

Capital spending under these subheads is forecast to increase by £85.4 million or 63.9% since the Main Estimate. This is mainly driven by an internal budget move from the Departmental operating costs estimate line for Science Capability in Animal Health and the Critical Works programme at Weybridge, and transfers of resource and development budget from the centre.

## 10. Departmental operating costs

Capital spending under this subhead is forecast to decrease by £341.2 million or 66.1% since the Main Estimate. This is mainly due to the reclassifications from Capital DEL to Resource DEL for digital programmes; the reclassification from Capital DEL to Resource DEL for the Environment Agency, as described in the Resource DEL section above; a transfer of budget for the Science Capability in Animal Health and the Critical Works programme at Weybridge from the centre to the Animal, fish and plant health Estimate line; and a transfer of research and development budgets, that were held in the centre at the beginning of the year, to other areas of the business, including delivery bodies.

## Resource AME

The table below shows how Defra's spending plans for Resource AME compare with the Main Estimate from the beginning of the year.

Resource AME						
Subheads	Description	2024-25 Supplementary Estimates budget sought	2024-25 Main Estimates budget approved	Change from Main Estimate		see note number
		£m	£m	£m	%	
J, O	Food and farming	-1,035.8	-767.7	-268.1	-34.9	11
K, P	Improve the environment and rural services	-30.6	42.0	-72.6	-172.9	12
Q	Flood protection	141.3	156.1	-14.8	-9.5	
L, M, R	Animal, fish and plant health	58.1	0.1	58.0	58,000	13
N	Departmental operating costs	9.9	46.0	-36.1	-78.5	14
	<b>Total</b>	<b>-857.1</b>	<b>-523.5</b>	<b>-333.6</b>	<b>-63.7</b>	

Variations between the current and past budget are given below:

- Where the variation is greater than both 10% and £10 million
- Where the variation is greater than both 5% and £200 million
- Any other variation whereby an explanation is necessary i.e. significant new spending programmes or unusual one-off spending items

Further detail of spending within these totals is given in the Table at Annex A.

### 11. Food and farming

Resource AME spending under this subhead is forecast to decrease by £268.1 million or 34.9% since the Main Estimate. This is mainly driven by the change in values to the 2025 and 2026 rates used to calculate the commitment to pay area-based direct payments for farmers linked to 2023 claims, partially offset by the change to the CAP Disallowance provision, as explained in section 1.5.

### 12. Improve the environment and rural services

Resource AME spending under these subheads is forecast to decrease by £72.6 million or 173% since the Main Estimate. This is mainly driven by a decrease in the Environment Agency pension scheme following a revised actuarial forecast, as explained in section 1.5.

### 13. Animal, fish and plant health

Resource AME spending under these subheads is forecast to increase by £58.0 million or 58,000% since the Main Estimate. This is mainly driven by the possible need to raise a provision for Avian Influenza, as described in section 1.5.

#### 14. Departmental operating costs

Resource AME spending under this subhead is forecast to decrease by £36.1 million or 78.5% since the Main Estimate. This is mainly driven by the transfer of budget out of the centre for small increases in AME budget across the business, including potential provisions in the Environment Agency.

#### Capital AME

The table below shows how Defra's spending plans for Capital AME compare with the Main Estimate from the beginning of the year.

Capital AME						
Subheads	Description	2024-25 Supplementary Estimates budget sought	2024-25 Main Estimates budget approved	Change from Main Estimate		see note number
		£m	£m	£m	%	
J, O	Food and farming	14.1	14.1	0	0	
K, P	Improve the environment and rural services	0	0.0	0	0	
Q	Flood protection	0	0.0	0	0	
L, M, R	Animal, fish and plant health	0.6	0.6	0	0	
N	Departmental operating costs	1.4	42.0	-40.6	-96.7	15
	<b>Total</b>	<b>16.1</b>	<b>56.7</b>	<b>-40.6</b>	<b>-71.6</b>	

Variations between the current and past budget are given below:

- Where the variation is greater than both 10% and £10 million
- Where the variation is greater than both 5% and £200 million
- Any other variation whereby an explanation is necessary i.e. significant new spending programmes or unusual one-off spending items

Further detail of spending within these totals is given in the Table at Annex A.

#### 15. Departmental operating costs

Capital AME spending under this subhead is forecast to decrease by £40.6 million or 96.7% since the Main Estimate. This mainly relates to the budget for dilapidation provisions capitalised as part of the right-of-use asset under IFRS 16. This accounting standard states how leases should be presented, recognised, measured and disclosed in the annual accounts. Budgets across the years were based on best estimates of the projected capital costs across the corporate estate. These estimates are now lower than originally expected.

## **2.2 Restructuring**

There have been no restructures as part of this Supplementary Estimate.

## 2.3 Ring-fenced budgets

Within the budgetary totals, the following elements are ring-fenced for 2024-25, i.e. savings in these budgets may not be used to fund pressures on other budgets. Comparable 2023-24 figures are also shown where relevant.

### Resource DEL

Spending total Amounts sought this year (Supplementary Estimate 2024-25)		Original Budget this year (Main Estimate 2024-25)	Difference between the current year's proposed budget and the original budget this year (Main Estimate 2024-25)		Final Outturn last year (Outturn 2023-24)	Difference between the current year's proposed budget and final outturn last year (Outturn 2023-24)	
			£m	%		£m	%
Farm Support programme*	**1,848.6	1,667.6	181.0	10.9	1,753.9	94.7	5.4
Depreciation	648.2	368.2	280.0	76.0	522.0	126.2	24.2
Official Development Assistance	163.2	175.5	-12.3	-7.0	148.8	14.4	9.7
Digital Assistance Scheme (DAS)*	0.0	13.1	-13.1	-100.0	0.0	0.0	0.0
UK Seafood Fund	0.1	0.2	-0.1	-50.0	0.0	0.1	100.0
Fisheries (replace EMFF)	13.5	13.5	0.0	0.0	17.1	-3.6	-21.1
Project Speed	0.0	9.0	-9.0	-100.0	8.5	-8.5	-100.0
Green Finance	1.9	2.0	-0.1	-5.0	3.4	-1.5	-44.1
Shared outcome fund	2.7	2.7	0.0	0.0	4.2	-1.5	-35.7
IFRS 16***	9.0	9.0	0.0	0.0	-33.8	42.8	126.6
Overseas Territories*	4.0	6.8	-2.8	-41.2	3.6	0.4	11.1
Exotic Diseases incl Avian Influenza & Bluetongue	25.0	0.0	25.0	100.0	10.0	15.0	150.0
Covent Garden Market Authority	1.1	0.0	1.1	100.0	2.4	-1.3	-54.2
Windsor Framework*	0.0	0.0	0.0	0.0	5.4	-5.4	-100.0
Borders Programme*	0.0	0.0	0.0	0.0	22.7	-22.7	-100.0
Digital Programme*	0.0	0.0	0.0	0.0	381.7	-381.7	-100.0
Floods Programme*	0.0	0.0	0.0	0.0	142.6	-142.6	-100.0
Capital Works Expensed in Year (Environment Agency)*	0.0	0.0	0.0	0.0	192.0	-192.0	-100.0

\* These ring-fences were either relaxed, partially relaxed or transferred to Capital in 2024-25.

\*\*The total Resource DEL farm support budget, including the non-ring-fenced element, is £2,013 million.

\*\*\* IFRS 16 is an accounting standard which brought the majority of leases on to the balance sheet and affected the classification of spend. It was adopted by most government departments from 1 April 2022.



## Capital DEL

Spending total Amounts sought this year (Supplementary Estimate 2024-25)		Original Budget this year (Main Estimate 2024-25)	<i>Difference between the current year's proposed budget and the original budget this year (Main Estimate 2024-25)</i>		Final Outturn last year (Outturn 2023-24)	<i>Difference between the current year's proposed budget and final outturn last year (Outturn 2023-24)</i>	
	£m	£m	£m	%	£m	£m	%
Farm Support programme*	**343.0	674.0	-331.0	-49.1	310.8	32.2	10.4
Defra Science and Weybridge R&D*	212.7	362.7	-150.0	-41.4	117.9	94.8	80.4
Nature for Climate Fund*	194.0	234.0	-40.0	-17.1	173.9	20.1	11.6
IFRS 16***	0.0	50.4	-50.4	-100.0	0.0	0.0	0.0
Digital Assistance Scheme (DAS)	5.0	5.0	0.0	0.0	0.0	5.0	100.0
UK Seafood Fund	0.3	0.3	0.0	0.0	27.7	-27.4	-98.9
Official Development Assistance*	34.9	21.0	13.9	66.2	1.6	33.3	2,081.3
Shared outcome fund	3.6	3.4	0.2	5.9	4.8	-1.2	-25.0
Project Speed	8.3	8.3	0.0	0.0	8.9	-0.6	-6.7
Mine Remediation*	3.0	7.0	-4.0	-57.1	5.2	-2.2	-42.3
Kew Open Herbarium	1.0	1.0	0.0	0.0	9.6	-8.6	-89.6
Green Finance*	1.0	1.0	0.0	0.0	8.9	-7.9	-88.8

\* These ring-fences were either relaxed, partially relaxed or transferred from Resource in 2024-25.

\*\*The total Capital DEL farm support budget, including the non-ring-fenced element, is £581 million.

\*\*\* IFRS 16 is an accounting standard which brought the majority of leases on to the balance sheet and affected the classification of spend. It was adopted by most government departments from 1 April 2022.

## 2.4 Contingent liabilities

The Supplementary Estimate includes details of all the contingent liabilities included in the Department's 2023-24 Annual Report and Accounts (ARA). A link to the ARA is [here](#).

### 3 Priorities and performance

#### 3.1 How spending relates to Priority Outcomes

The table below shows how budget against each subhead has been allocated to Priority Outcomes. A description of the elements included within each Priority Outcome is included below.

Estimate subheads	Description	Priority Outcome					
		1: Clean up Britain's rivers, lakes and seas	2: Create a roadmap to a circular economy	3: Support farmers to boost food security	4: Ensure nature's recovery	5: Protect communities from the danger of flooding	Other critical sectors, systems and risks
A, J, O	Food and farming	X	X	X			X
B, G, K, P	Improve the environment and rural services	X	X	X	X		X
C, H, Q	Flood protection					X	
D, E, I, L, M, R	Animal, fish and plant health		X		X		X
F, N	Departmental operating costs	X	X	X	X	X	X

#### 3.2 Measures of performance against each priority

Work is ongoing to develop a robust set of metrics to measure departmental impact against the priorities of the government. However, it is expected that the metrics will include the following:

Priority Outcome	Performance metrics
Clean up Britain's rivers, lakes and seas	Total number of pollution incidents (annual)
	Total number of serious incidents (annual)
	Storm overflow discharges (frequency and duration)
	Water company performance (Annual assessment by Ofwat. Multiple performance measures)
	Ofwat customer satisfaction metric (C-Mex)
	Support for vulnerable customers (WaterSure and Social Tariffs)

	Investment in water infrastructure
Create a roadmap to a circular economy	Waste from households recycling rate (per cent)
	Packaging waste and recycling rate, split by material (metal, paper, glass and wood)
	Residual household waste per household (kg/household)
Support farmers to boost food security	Food production to supply ratio (PSR)
	Productivity of the UK agricultural industry
	Productivity of the UK food industry
	Area under Agri-Enviro Management Schemes
Ensure nature's recovery	Extent of land and sea protected for nature
	New trees planted (ha.)
	Relative abundance of priority species
	Annual fine particulate matter (PM <sub>2.5</sub> ) emissions
	Annual ammonia (NH <sub>3</sub> ) emissions
Protect communities from the danger of flooding	Number of properties better protected from flooding in England
	Percentage of flood defence assets at target condition
Manage Defra Group's other critical sectors, systems and risks	Greenhouse gas (GHG) emissions by sector: waste, agriculture, land use, land use change, forestry (LULUCF), million tonnes of CO <sub>2</sub> equivalent
	Percentage of export health certificates and licences issued within agreed timescales
	Change in fluorinated greenhouse gases emissions
	Climate change adaptation progress score by sector
	Value of UK food and drink exported (£)
	Percentage of cattle herds that are bovine tuberculosis free
	Percentage of total allowable catches for quotas for fish stocks of UK interest that have been set consistent with maximum sustainable yield

### 3.3 Commentary on steps being taken to address performance issues

Due to the metrics still being under development there are currently no performance issues to address. Actions designed specifically to address performance issues for the previous Priority Outcomes are included in the published ARA in chapter 2 performance analysis. The link to the 2023-24 ARA is included [here](#).

### 3.4 Major projects

Defra continues to build its Portfolio and Project Delivery function. The function supports the delivery of our major projects and brings a sustainable uplift to the Department's project delivery capability, building on the Infrastructure and Projects Authority (IPA) functional standards for project delivery and the project delivery framework.

Within the wider Defra portfolio, we have twelve projects on the Government Major Projects Portfolio (GMPP):

Project/Programme (as per the Q2 24/25 GMPP data)	Joined GMPP	Start Date	End Date	Baseline WLC* £m
Farming and Countryside Programme (FCP)	Q1 20-21	01-May-17	31-Dec-28	24,875
Flood, Coastal Erosion Risk Management 6-year Capital Programme	Q1 23-24	01-Apr-20	31-Mar-27	5,664
Science Capability and Animal Health Programme (SCAH)	Q1 20-21	01-Apr-21	30-Sept-36	2,820
Nature for Climate Fund Programme (NCF)	Q4 20-21	01-Apr-20	31-Mar-25	928
N02 Reduction Programme	Q4 20-21	01-Jan-16	31-Dec-27	883
Workplace and Facilities Management Project (WP&FM)	Q2 21-22	01-Jun-21	06-Dec-24	855
Defra Biosecurity Borders and Trade Programme (BBTP)	Q1 21-22	01-Jan-21	31-Mar-25	798
Collections, Packaging & Reform Programme (CPR)**	Q3 21-22	02-Apr-18	31-Mar-27	478
Livestock Information Transformation Programme	Q1 24-25	01-Apr-18	31-Mar-27	478
Northern Ireland Programme	Q1 21-22	01-Jan-21	26-Mar-26	434
CEFAS – Infrastructure to support future delivery at sea	Q1 24-25	01-Nov-22	01-Jan-32	305
Terrestrial Natural Capital and Ecosystem Assessment Programme (tNCEA)	Q4 22-23	01-Apr-21	31-Mar-25	125

\* Whole life cost

\*\* in addition to individual project approvals an updated Programme Business Case (PBC), pending HMT approvals, provides the case to invest an estimated WLC £1.2bn (2022-23 to 2033-34).

We also track our pipeline of future programmes and assess their potential for inclusion on GMPP. The IPA have confirmed that the CEFAS Research Vessel Endeavor project and Livestock Information Transformation Programme joined the GMPP in quarter 1 2024-25.

There are a few Programmes which are planned to close in 2024-25, including:

- Biosecurity Borders and Trade Programme (BBTP) (31/03/25)

- UK Seafood Programme (31/03/25)
- Workplace and Facilities Management Project (WP&FM), final closure put back to 04/03/25

Nature for Climate fund, which is currently due to close in March 2025, are looking to extend for one year. Terrestrial NCEA are looking to embark on the next phase subject to securing funding through the departmental business planning process.

All projects are formally constituted with a business case, Senior Responsible Officer and project board, and operate within the assurance and approvals framework set out in Defra's Integrated Assurance and Approvals Strategy.

This includes the Investment Committee which oversees investment decisions on behalf of the Defra Executive Committee (ExCo), and Delivery Committee which oversees delivery of the Department's portfolio and Priority Outcomes. Monthly reporting to the Executive and Delivery Committees ensures good senior oversight of delivery at the departmental level across the whole department.

The level of assurance is based on the Risk Potential Assessment and captured in an Integrated Assurance and Approvals Plan for each project. The IPA provide third line assurance for the Portfolio and our GMPP projects.

In addition, the Government Internal Audit Agency (GIAA) undertakes independent audit reviews for projects on the Defra Portfolio (including those on GMPP) as set out in the annual audit plan, which will be agreed by the ExCo at the beginning for the financial year.

The department provides second line assurance on all business cases through an internal independent review team process and plans to implement independent assurance reviews for all the department's major projects not covered by the IPA's third line assurance.

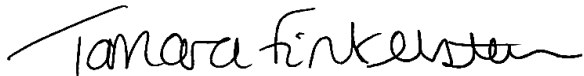
#### **4.0 Other information - Summary of funding variations split by the core Department and delivery bodies**

Included in Annex C is a table detailing the funding variations split by the core Department and delivery bodies.

## 5.0 Accounting Officer Approval

This Estimates Memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by me in my capacity as the Department's Principal Accounting Officer.

A handwritten signature in black ink that reads "Tamara Finkelstein". The signature is written in a cursive, flowing style.

Dame Tamara Finkelstein (DCB)

Accounting Officer

Permanent Secretary, Department for Environment, Food and Rural Affairs

30 January 2025