

Department for Environment, Food and Rural Affairs

Supplementary Estimate 2020-21

Select Committee Memorandum

Table of Contents

Section	Section Header	Page
1	Overview	2
1.1	Spending controls	2
1.2	Main areas of spending	4
1.3	Comparison of spending totals sought	5
1.4	Key drivers of spending changes since the original budget included in the 2020-21 Main Estimate	5
1.5	New policies and programmes; Ambit changes	7
1.6	Spending trends	8
1.7	Administration costs and efficiency plans	9
1.8	Net cash requirement	9
1.9	Funding: Spending Review and Budgets	10
2	Spending detail	11
2.1	Explanations of changes in spending	11
2.2	Ring-fenced budgets	15
2.3	Contingent liabilities	17
3.0	Other information - Summary of funding variations split by core Department and network bodies	17
4.0	Accounting Officer Approval	18
Annex A	DEL and AME budgets by programme	Excel table
Annex B	How DEL funding plans for 2020-21 have altered since Spending Review 2019	Excel table
Annex C	Other information: Summary of funding variations split by core Department and network bodies	Excel table

1. Overview

The purpose of this memorandum is to provide an overview and analysis of the Resource, Capital and cash sought in the 2020-21 Supplementary Estimate and to demonstrate consistency with the plans approved in the 2019 Spending Review (SR19). It also sets out changes from the 2020-21 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 Tamara Finkelstein, Accounting Officer and Permanent Secretary of Defra.

1.1 Spending controls

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

The key activities supported by provision in this Estimate, broken down by budgetary limits, are explained below. The budgets support delivery of the Department's Strategic Objectives. They reflect the settlements agreed for Defra as part of SR19, plus further changes announced in subsequent Budgets.

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 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 policy ring-fences. These ring-fences are detailed in section 2.2.

Basic Payment Scheme (BPS) payments and Rural Development Programme for England (RDPE) payments are included within Programme DEL, net of any income received from the EC. BPS2019 payments were funded by the EC until 15 October 2020 and any residual payments and the 2020 Direct Payment scheme will be funded by the UK government. RDPE payments will continue to be partially funded by the EC and partially funded by the UK government until programme closure. The expenditure and EU income for these schemes are shown gross within the Part II table of the Estimate.

- The Capital Departmental Expenditure Limit (**Capital DEL**) mainly relates to Flood and Coastal Risk Management, which is included as a ring-fenced budget. It also includes the Official Development Assistance (ODA) funding, including the International Climate Fund, which is also 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 Common

Agricultural Policy (CAP) disallowance and the Environment Agency (EA) pension schemes, as well as any necessary budget 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.

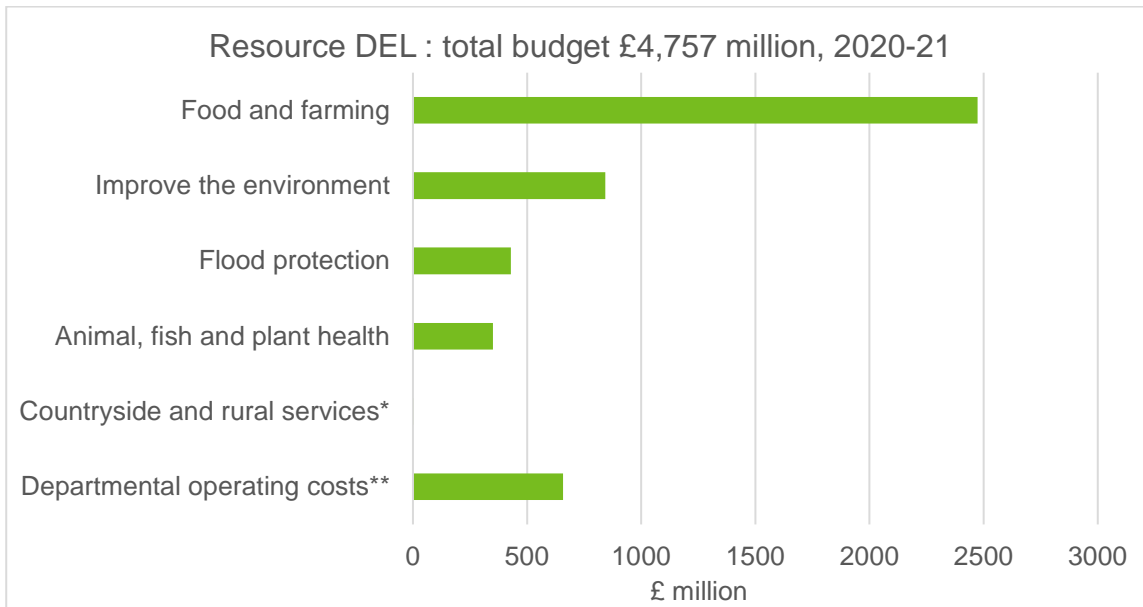
- Capital Annually Managed Expenditure (**Capital AME**) covers the capital costs of the Levy Funded Bodies.
- **Non-Budget** spend covers CAP schemes administered by the Devolved Administrations. The payments made by the Devolved Administrations are funded by the Rural Payments Agency (RPA) and subsequently recovered by RPA from the EC, in their role as the UK Funding Body. In line with the funding by the UK government for direct aid, as explained above, payments to the Devolved Administrations have reduced and, since the 16 October 2020, relate solely to rural development programme expenditure. A small budget is held by RPA to cover exchange rate differences that may arise due to the timing differences between the claim date and the date of actual reimbursement by the EC.

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.

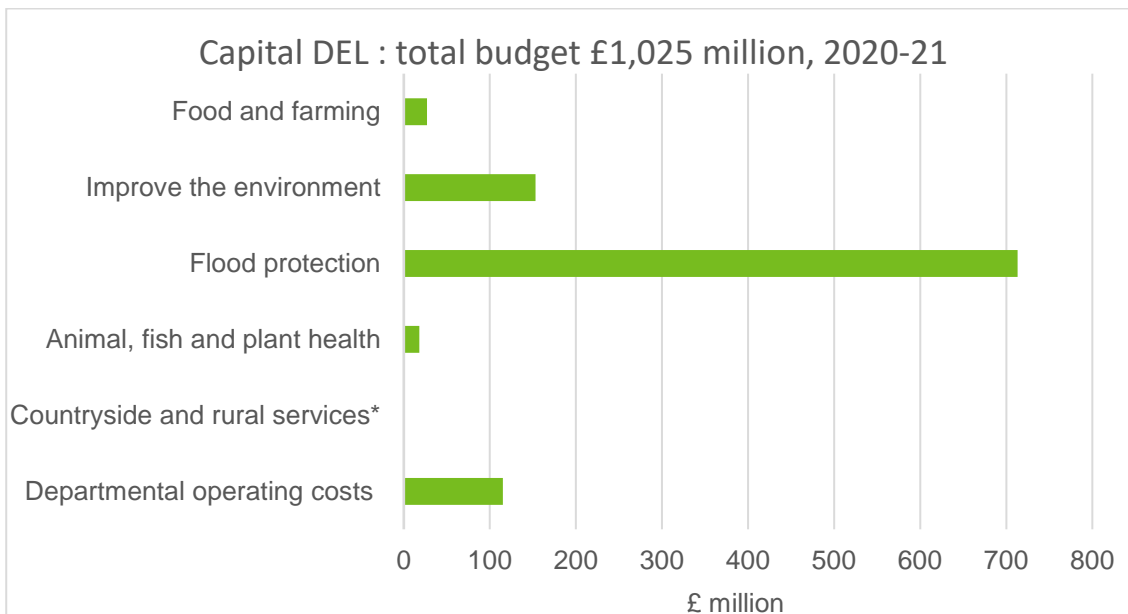
1.2 Main areas of spending

The graphic below shows the main components of Defra’s proposed budget for 2020-21, after taking into account the latest Supplementary Estimate, and the proportions of funds spent on its main activities.



*Some of this work has been recategorised and is now included under Improve the environment, the nature of the work has not changed.

**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 to improve prioritisation, decision-making, professionalism and efficiency. Many of these costs directly support the front line work in the main operating areas. In addition to this, a proportion of the additional budget for EU exit is held here, mainly for Estates and IT, with a small element to be distributed as necessary.

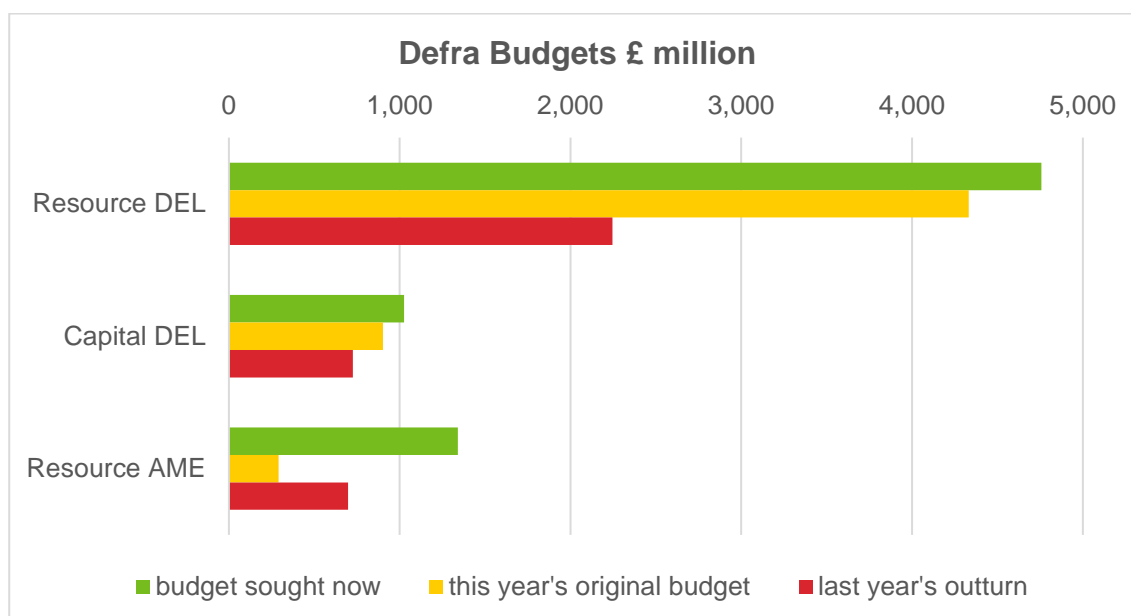


*Some of this work has been recategorised and is now included under Improve the environment, the nature of the work has not changed.

1.3 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 2020-21)	Original Budget this year (Main Estimate 2020-21)		<i>Difference between the current year's proposed budget and the original budget this year</i>		Final Outturn last year (Outturn 2019-20)		<i>Difference between the current year's proposed budget and final outturn last year</i>	
	£m	£m	£m	%	£m	£m	%	
Resource DEL	4,757.0	4,331.7	425.3	9.8	2,245.1	2,511.9	111.9	
Capital DEL	1,025.2	902.5	122.7	13.6	726.4	298.8	41.1	
Resource AME	1,340.9	291.6	1,049.3	359.8	698.4	642.5	92.0	



1.4 Key drivers of spending changes since the original budget included in the 2020-21 Main Estimate

The Resource DEL budget has increased by £425 million since the 2020-21 Main Estimate. The main causes of the changes in Resource DEL are explained in more detail below:

- £131 million increase due to the Covid-19 pandemic. Defra received additional funding from the Reserve to cover:
 - £63 million for Local Authority grants to provide support for economically vulnerable people in their communities.

- £19 million to cover income losses for some of Defra's Arms-Length Bodies whose operations are most dependent on commercial income.
- £16 million for a second Covid-19 Food Charity scheme to provide additional funding to nationwide charities providing Food Bank and other services to the people in most need. This followed an initial food charity scheme (at the same level of funding) that was supported through a transfer of funds from the Department for Digital, Culture, Media and Sport Covid-19 charities fund.
- £12 million for an initial and extended scheme to support Zoos which had suffered income losses due to lockdown resulting in animal welfare risks.
- £12 million for increased costs for IT systems and support within the department to maintain and extend productivity, including extensive homeworking, during initial and subsequent nationwide lockdowns.
- £5 million part funding for the scheme to support those in the fishing industry who had suffered reduced income as a result of Covid-19 controls, this was additional to funding made available by repurposing other industry support.
- £2 million for the final cost of delivering Food Packages to individuals required to shield during the initial 3 months of lockdown.
- £2 million to support the Green Recovery Challenge fund.
- £92 million increase relating to direct payments for farmers. Additional budget was announced in a Written Ministerial statement on 9 January 2020 confirming that the 2020 Direct Payment scheme would be funded by the UK government. This funding was mainly allocated in the Main Estimate, with a smaller amount being retained until Supplementary Estimates when an adjustment could be made to reflect the impact on the timing of expenditure recognition for the domestically funded scheme.
- £80 million increase to enhance preparations for the systems and controls necessary at our borders with the EU and to meet the requirements of the Northern Ireland Protocol while maintaining the free flow of goods, including controlled goods such as Products of Animal Origin.
- £48 million increase due to an agreed transfer of budget from Capital DEL to Resource DEL for work on the Global Environment Facility (GEF) under the Official Development Assistance (ODA) programme and the Canals and River Trust grant agreement.
- £23 million increase following the announcement of funding for fish exporters most adversely affected by the Covid-19 pandemic and the challenges of adjusting to new export requirements.
- Net £18 million increase due to a number of budget transfers to and from other government departments, including a transfer from the Department for Digital, Culture, Media and Sport (DCMS) to Defra for Covid-19 food charity spend, a transfer from the Department of Health and Social Care to Defra for Covid-19 waste water testing and a transfer from Defra to DCMS for the Green Recovery Challenge Fund.

The Capital DEL budget has increased by £123 million since the 2020-21 Main Estimate. The main causes of the changes in Capital DEL are explained in more detail below:

- £157 million increase due to a claim on the Reserve for flood and coastal risk management, including funding that has been raised from Insurance Premium Tax for flood defence works.
- £26 million increase due to the Covid-19 pandemic. Defra received additional funding from the Reserve, to cover the Green Recovery Challenge fund and funding for IT infrastructure to support the change to new working arrangements resulting from the Covid-19 response.
- £21 million increase to provide for additional infrastructure and systems, including IT development, primarily to support new border controls.
- £48 million decrease due to an agreed transfer of budget from Capital DEL to Resource DEL for work on the Global Environment Facility (GEF) under the Official Development Assistance (ODA) programme and the Canals and River Trust grant agreement.
- £38m decrease due to a transfer from Defra to DCMS for the Green Recovery Challenge Fund.

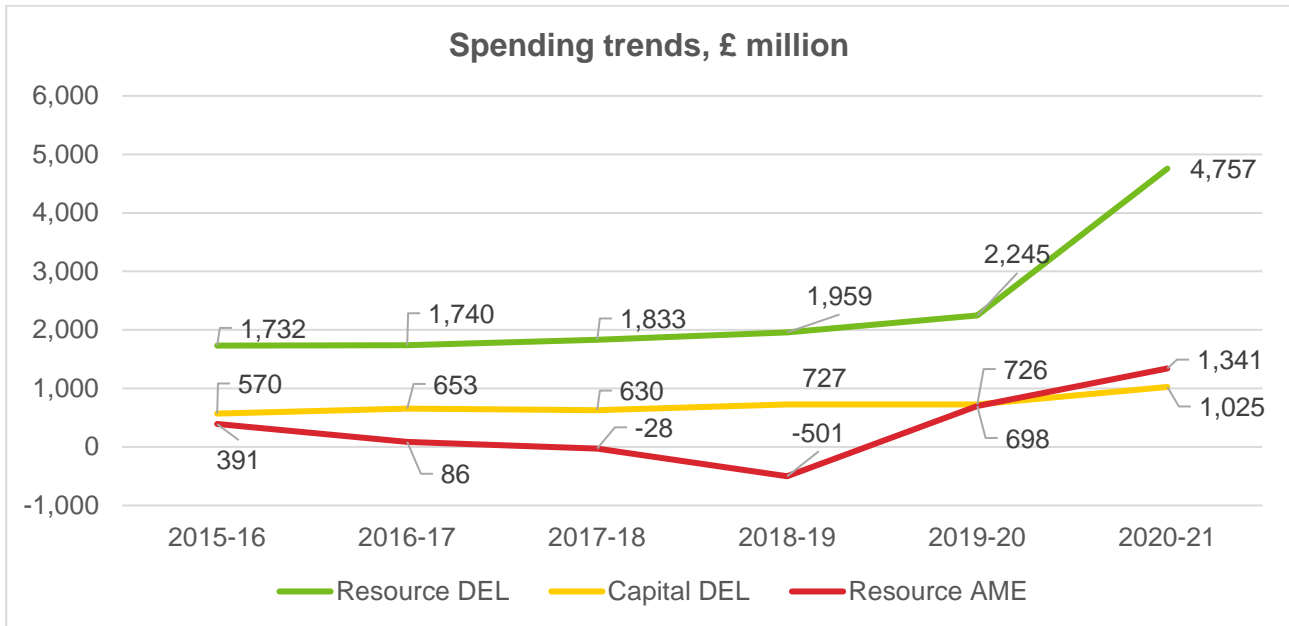
The main cause of the change in Resource AME is a £1,018 million increase to recognise Defra's commitment to participate in and contribute towards the EU's 2021-2027 Copernicus Programme of Earth Observation Satellites, looking at our planet and its environment to benefit all European citizens.

1.5 New policies and programmes; Ambit changes

Defra has taken on responsibility for "regulatory justification" of new nuclear power from the Department for Business, Energy & Industrial Strategy. This is reflected in a small change to the Ambit.

1.6 Spending trends

The chart below shows overall spending trends for the last five years and the plans presented in Estimates for 2020-21.



Resource DEL budgets include an underlying requirement to make savings, primarily across corporate service areas, including efficiencies across the Defra IT and property estate, and increased external income generation. The increases from 2017-18 are mainly due to additional expenditure for EU exit work funded from the Reserve. The large increase in 2020-21 reflects the additional budget for direct payments to farmers following the UK's planned departure from the EU. This was previously funded by the EU.

Capital budgets reflect the profile of the Department's SR15 and SR19 settlements. The Capital budget shows an overall increase across the years. This reflects increased investment in IT and property to enable a reduction in the corporate services resource budget through a more efficient use of IT systems and the Defra estate; 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.

Resource AME balances vary greatly over the years due to the volatility of provisions valuations. The large increases in 2015-16 and 2019-20 mainly reflect 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 BPS scheme years 2017, 2018 and 2019. The large increase in 2020-21 relates to Defra's contribution to the Copernicus programme, as explained in section 1.4

1.7 Administration costs and efficiency plans

Spending total Amounts sought this year (Supplementary Estimate 2020-21)	Original Budget this year (Main Estimate 2020-21)		<i>Difference between the current year's proposed budget and the original budget this year</i>		Final Outturn last year (Outturn 2019-20)	<i>Difference between the current year's proposed budget and final outturn last year</i>	
	£m	£m	£m	%		£m	£m
Administration costs	912.7	858.5	54.2	6.3	708.1	204.6	28.9

Administration spend has increased since the Main Estimate, mainly due to claims on the Reserve for additional funding to cover increased costs for IT systems due to the Covid-19 pandemic and to enhance preparations for the systems and controls necessary at our borders with the EU and to meet the requirements of the Northern Ireland Protocol, as explained in section 1.4.

When compared to last year's outturn, the increased budget for 2020-21 mainly reflects the increased budget allocated from the Reserve, including budget due to the Covid-19 pandemic; and an increase in depreciation, which reflects an underspend against budget in 2019-20 due to later than planned capitalisation of IT assets, leading to lower in year depreciation charges.

1.8 Net cash requirement

Spending total Amounts sought this year (Supplementary Estimate 2020-21)	Original Budget this year (Main Estimate 2020-21)		<i>Difference between the current year's proposed budget and the original budget this year</i>		Final Outturn last year (Outturn) 2019-20	<i>Difference between the current year's proposed budget and final outturn last year</i>	
	£m	£m	£m	%		£m	£m
Net cash requirement	5,395.1	5,611.5	-216.4	-3.9	2,831.2	2,563.9	90.6

The decrease in net cash requirement since the Main Estimate reflects the impact of the above changes on the cashflow of the Department, this is offset by a decrease to allow for changes in the funding arrangements for the direct payments to farmers. Reimbursement from the EC in respect of BPS payments was received two months in arrears. Consequently, the BPS payments made in February and March 2020 were not reimbursed until after 31 March 2020. The outstanding receipt from the EC in March 2021 will be much lower as these payments are now funded by the UK government, as explained in section 1.1.

When compared to last year's outturn, the increased net cash requirement for 2020-21 is mainly due to the increased budget to reflect the new funding arrangements for direct

payments to farmers following the UK's planned departure from the EU, as explained in section 1.1.

1.9 Funding: Spending Review and Budgets

The underlying levels of DEL funding for Defra for 2020-21 are based on plans published in SR19. Since that time, the Government has made a number of changes to 2020-21 Spending Plans as announced in the 2020 Budget and further announcements made as part of the Supplementary Estimate 2020-21. Details of funding changes are set out in Annex B.

Notable amongst these changes are:

- Additional funding of £1,751 million, allocated in the Main Estimate, relating to additional budget for direct payments to farmers following the UK's planned departure from the EU. This was previously funded by the EU.
- Additional net funding of £647 million, announced by the Chancellor in the 2020 Budget, predominantly additional money for:
 - £286 million for constructing and maintaining flood defences following flooding events, split between the resource and capital budgets.
 - £210 million to cover the cost of delivering Food Packages to individuals required to shield due to Covid-19 for the resource budget.
 - £67 million capital budget for the Animal and Plant Health Agency Weybridge site; and £57 million for the Nature for Climate Fund project, split between the resource and capital budgets.
- Additional funding of £589 million allocated from the Reserve as part of the Supplementary Estimate 2020-21. The notable changes are:
 - £169 million additional reserve funding, mainly for direct payments to farmers and UK exchequer funding for scheme payments under the common organisations of the market, the majority being resource funding.
 - £163 million for constructing and maintaining flood defences, predominately capital funding.
 - £157 million due to the Covid-19 pandemic, as explained in section 1.4. Part of this was subsequently transferred to DCMS.
 - £101 million to enhance preparations for the systems and controls necessary at our borders with the EU and to meet the requirements of the Northern Ireland Protocol, as explained in section 1.4.

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	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate		Note number
		£m	£m	£m	%	
A	Food and farming	2,473.3	2,258.9	214.4	9.5	1
B, H	Improve the environment	842.2	710.1	132.1	18.6	2
C, I	Flood protection	428.7	434.7	-6.0	-1.4	
D, E, J	Animal, fish and plant health	350.7	289.8	60.9	21.0	3
F, K	Countryside and rural services	4.0	105.5	-101.5	-96.2	4
G	Departmental operating costs	658.1	532.7	125.4	23.5	5
	Total	4,757.0	4,331.7	425.3	9.8	

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 £214.4 million, or 9.5% since the Main Estimate. This is mainly driven by claims on the Reserve for additional budget relating to direct payments to farmers, UK exchequer funding for scheme payments under the common organisations of the market and additional budget following the Covid-19 pandemic for Local Authority welfare grants and food charities.

2. Improve the environment.

Resource DEL spending under these subheads is forecast to increase by £132.1 million, or 18.6% since the Main Estimate. This is mainly driven by internal restructures between the Improve the environment and Countryside and rural services estimate lines to better align

to the Department's latest internal reporting structures; and capital to resource transfers as agreed with HM Treasury for the Canals and River Trust and Official Development Assistance programmes.

3. Animal, fish and plant health

Resource DEL spending under these subheads is forecast to increase by £60.9 million, or 21.0% since the Main Estimate. This is mainly driven by increased budget for the future farming programme and a claim on the Reserve for the Covid-19 pandemic, predominately to provide additional funding for Zoos and the fishing industry.

4. Countryside and rural services

Resource DEL spending under these subheads is forecast to decrease by £101.5 million, or 96.2% since the Main Estimate. This is driven by internal restructures between the Improve the environment and Countryside and rural services estimate lines to better align to the Department's latest internal reporting structures.

5. Departmental operating costs

Resource DEL spending under this subhead is forecast to increase by £125.4 million, or 23.5% since the Main Estimate. This is mainly driven by the additional funding from the Reserve due to the Covid-19 pandemic and additional funding to enhance preparations for the systems and controls necessary at our borders with the EU and to meet the requirements of the Northern Ireland Protocol, as explained in section 1.4. A proportion of these budgets is held centrally within Departmental operating costs, some reflecting increases in IT spend, and the remaining amounts will be allocated out as priorities arise.

Capital DEL

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

Capital DEL						
Subheads	Description	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate		Note number
		£m	£m	£m	%	
A	Food and farming	27.3	0.0	27.3	100.0	6
B, H	Improve the environment	152.2	174.4	-22.2	-12.7	7
C, I	Flood protection	713.3	729.3	-16.0	-2.2	
D, E, J	Animal, fish and plant health	17.6	14.5	3.1	21.4	
F, K	Countryside and rural services	0.0	12.5	-12.5	-100.0	8
G	Departmental operating costs	114.8	-28.2	143.0	507.1	9
	Total	1,025.2	902.5	122.7	13.6	

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 increase by £27.3 million, or 100% since the Main Estimate. This is mainly driven by the claim on the Reserve for the Future Farming and Countryside Programme which received capital funding to develop existing systems relating to the current schemes (the basic payment scheme, the environmental stewardship scheme and the countryside stewardship scheme) and new development to support successful delivery of the Environmental Land Management National Pilot and the Farming Investment Fund.

7. Improve the environment

Capital spending under this subhead is forecast to decrease by £22.2 million, or 12.7% since the Main Estimate. This is mainly due to an agreed transfer of budget from Capital DEL to Resource DEL for work on the Global Environment Facility (GEF) under the Official

Development Assistance (ODA) programme and the Canals and River Trust grant agreement; and additional funding from the Reserve to cover the Green Recovery Challenge fund. This is partially offset by a resource to capital transfer within the Environment Agency; and a transfer of estates capital funding to RBG Kew and the Forestry Commission.

8. Countryside and rural services

Capital spending under these subheads is forecast to decrease by £12.5 million, or 100.0% since the Main Estimate. This is driven by internal restructures between the Improve the environment and Countryside and rural services estimate lines to better align to the Department's latest internal reporting structures.

9. Departmental operating costs

Capital spending under this subhead is forecast to increase by £143.0 million, or 507.1% since the Main Estimate. This is mainly driven by the claims on the Reserve for increased spending on the floods regeneration and growth fund and new flood defence schemes. These Reserve claims were allocated centrally in this Supplementary Estimate to offset the credit balances that were allocated here in the Main Estimate: in the Main Estimate the central budget included a negative figure which enabled the allocation of flood and coastal risk management budgets to the Environment Agency (EA) in advance of the Reserve claims being processed by HM Treasury later in the year, these were internally allocated to EA at the start of the year to enable EA to plan their year's work.

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	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate		Note number
		£m	£m	£m	%	
L, R	Food and farming	53.4	56.0	-2.6	-4.6	
M, S	Improve the environment	28.8	29.5	-0.7	-2.4	
T	Flood protection	156.0	156.0	0.0	0.0	
N, O, U	Animal, fish and plant health	0.1	0.1	0.0	0.0	
P, V	Countryside and rural services	-0.2	-0.3	0.1	33.3	
Q	Departmental operating costs	1,102.8	50.3	1,052.5	2,092.4	10
	Total	1,340.9	291.6	1,049.3	359.8	

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.

10. Departmental operating costs

Resource AME spending under this subhead is forecast to increase by £1,052.5 million or 2,092.4% since the Main Estimate. This is mainly driven by a provision for Defra's contribution to the Copernicus project, as explained in section 1.4.

2.2 Ring-fenced budgets

Within the budgetary totals, the following elements are ring-fenced for 2020-21, i.e. savings in these budgets may not be used to fund pressures on other budgets. Comparable 2019-20 figures are also shown where relevant.

Resource DEL

Spending total Amounts sought this year (Supplementary Estimate 2020-21)	Original Budget this year (Main Estimate 2020-21)		<i>Difference between the current year's proposed budget and the original budget this year</i>		Final Outturn last year (Outturn) 2019-20	<i>Difference between the current year's proposed budget and final outturn last year</i>	
	£m	£m	£m	%		£m	£m
CAP Disallowance	25.0	25.0	0.0	0.0	40.8	-15.8	-38.7
Official Development Assistance	73.4	46.8	26.6	56.8	56.6	16.8	29.7
Grant scheme for village halls in England	0.0	0.0	0.0	0.0	3.0	-3.0	-100.0
Avoiding food waste	0.0	0.0	0.0	0.0	7.4	-7.4	-100.0
EU exit	492.2	413.0	79.2	19.2	520.7	-28.5	-5.5
Covid-19	338.6	210.0	128.6	61.2	0.0	338.6	100.0
Farm Support Payments	1,832.1	1,751.1	81.0	4.6	0.0	1,832.1	100.0
Flood Defence Asset repairs	62.0	62.0	0.0	0.0	0.0	62.0	100.0

Place based flood and coastal resilience	1.0	1.0	0.0	0.0	0.0	1.0	100.0
Darwin Plus	2.0	2.0	0.0	0.0	0.0	2.0	100.0
Depreciation	239.1	239.1	0.0	0.0	209.6	29.5	14.1

The increases to ring-fenced budgets since the Main Estimate are as a result of the Reserve claims processed in this Supplementary Estimate against existing items ring-fenced at the Main Estimate. The ODA ring fence increases due to a transfer of budget from Capital to Resource.

Capital DEL

Spending total Amounts sought this year (Supplementary Estimate 2020-21)	Original Budget this year (Main Estimate 2020-21)		<i>Difference between the current year's proposed budget and the original budget this year</i>		Final Outturn last year (Outturn) 2019-20		<i>Difference between the current year's proposed budget and final outturn last year</i>	
	£m	£m	£m	%	£m	£m	%	
Official Development Assistance	18.9	45.5	-26.6	-58.5	25.6	-6.7	-26.2	
Flood risk management	704.3	575.4	128.9	22.4	550.2	154.1	28.0	
EU exit	39.9	19.0	20.0	105.2	40.5	-0.6	-1.5	
Air Quality	1.0	1.0	0.0	0.0	0.0	1.0	100.0	
Animal Health Science Estate: Weybridge	53.6	67.0	-13.4	-20.0	0.0	53.6	100.0	
Nature for Climate Fund	48.0	48.0	0.0	0.0	0.0	48.0	100.0	
Water supply and Navigation	22.0	22.0	0.0	0.0	0.0	22.0	100.0	
Covid-19	7.9	0.0	7.9	100.0	0.0	7.9	100.0	

The increases to ring-fenced budgets since the Main Estimate are as a result of the Reserve claims processed in this Supplementary Estimate against existing items ring-fenced at the Main Estimate. The ODA ring fence decreases due to a transfer of budget from Capital to Resource. The Animal Health Science Estate: Weybridge ring-fence reduces due to a transfer of budget into 2021-22 under budget exchange.

2.3 Contingent liabilities

The Supplementary Estimate includes details of all the contingent liabilities included in the Department's 2019-20 ARA. A link to the ARA is [here](#).

3.0 Other information - Summary of funding variations split by the core Department and network bodies.

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

4.0 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 myself as Departmental Accounting Officer.

A handwritten signature in black ink, appearing to read 'T. Finkelstein', with a long horizontal flourish extending to the right.

Tamara Finkelstein

Accounting Officer

Permanent Secretary, Department for Environment, Food and Rural Affairs

16 February 2021

Annex A
Departmental Expenditure Limits (DEL) by programme

Estimate Subheads	Description	Programme	Resource					Capital				
			2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate		Note number (section 2.1)	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate		Note number (section 2.1)
			£m	£m	£m	%		£m	£m	£m	%	
A	Food and farming	<i>CAP disallowance</i>	45.0	45.0				0.0	0.0			
		<i>Food, sustainable and competitive farming</i>	381.1	287.1				27.3	0.0			
		<i>Rural Payments Agency including UK Coordinating Body</i>	1,982.7	1,862.3				0.0	0.0			
		<i>Food and Farming EU Exit (Core)</i>	64.5	64.5				0.0	0.0			
	sub total		2,473.3	2,258.9	214.4	9.5	1	27.3	0.0	27.3	100.0	6
B, H	Improve the environment	<i>Better regulation</i>	0.0	0.0				0.0	0.0			
		<i>EU and International Trade</i>	0.0	0.0				0.0	0.0			
		<i>Natural environment and atmosphere improvement programmes</i>	316.8	258.6				10.4	20.9			
		<i>Waste</i>	14.0	14.0				1.5	2.0			
		<i>Water</i>	41.0	41.0				4.0	4.0			
		<i>EA - Environment protection, water and fisheries (NDPB)</i>	86.3	100.3				58.4	41.7			
		<i>NE and JNCC (NDPB)</i>	101.7	88.1				5.5	1.0			
		<i>RBG KEW (NDPB)</i>	33.9	25.0				9.4	1.0			
		<i>Consumer Council for Water (CCW) (NDPB)</i>	5.9	5.9				0.0	0.0			
		<i>Wildlife, international, climate and forestry programme</i>	157.3	96.9				56.8	99.9			
		<i>Improve the Environment EU Exit (Core)</i>	80.3	80.3				3.9	3.9			
		<i>Rural development programme policy and outdoor recreation</i>	2.3	0.0				0.0	0.0			
		<i>National Forest Company (NFC) (NDPB)</i>	2.7	0.0				2.3	0.0			
	sub total		842.2	710.1	132.1	18.6	2	152.2	174.4	-22.2	-12.7	7
C, I	Flood protection	<i>Flood risk management</i>	12.7	11.0				3.0	0.0			
		<i>EA - Flood risk management (NDPB)</i>	416.0	423.7				710.3	729.3			
	sub total		428.7	434.7	-6.0	-1.4		713.3	729.3	-16.0	-2.2	
D, E, J	Animal, fish and plant health	<i>Animal and Plant Health Agency</i>	116.9	100.1				0.1	0.1			
		<i>Animal health and welfare including disease control and trade policy</i>	42.1	11.2				1.0	0.0			
		<i>Bio security and food projects</i>	-4.9	0.0				0.0	0.0			
		<i>Endemic diseases</i>	33.6	52.2				0.0	0.0			
		<i>Plant Health</i>	3.9	4.1				0.2	0.0			
		<i>Veterinary Medicines Directorate</i>	17.3	15.7				2.4	2.4			
		<i>Marine Programme</i>	68.5	34.5				7.8	5.9			
		<i>MMO (NDPB)</i>	28.7	27.4				0.0	0.0			
		<i>Animal and Plant Health EU Exit (Core)</i>	27.8	27.8				3.3	3.3			
		<i>Marine and Fisheries EU Exit (Core)</i>	16.8	16.8				2.8	2.8			
	sub total		350.7	289.8	60.9	21.0	3	17.6	14.5	3.1	21.4	
F, K	Countryside and rural services	<i>Rural development programme policy and outdoor recreation</i>	3.8	102.7				0.0	12.5			
		<i>National Forest Company (NFC) (NDPB)</i>	0.0	2.6				0.0	0.0			

		<i>Countryside and Rural Services EU Exit (Core)</i>	0.2	0.2					0.0	0.0			
	sub total		4.0	105.5	-101.5	-96.2	4		0.0	12.5	-12.5	-100.0	8
G	Departmental operating costs	<i>Corporate services and centrally held budgets</i>	140.7	108.8					-6.9	-140.8			
		<i>Estates and commercial</i>	118.9	133.8					65.7	95.6			
		<i>Information services</i>	197.2	147.9					26.6	9.0			
		<i>EU Exit budget held centrally</i>	59.1	0.0					21.0	-0.4			
		<i>Departmental Operating Costs EU Exit (Core)</i>	142.2	142.2					8.4	8.4			
	sub total		658.0	532.7	125.3	23.5	5		114.8	-28.2	143.0	-507.1	9
	Total		4,757.0	4,331.7	425.3	9.8			1,025.2	902.5	122.7	13.6	

Annex A
Annually Managed Expenditure (AME) by programme

Estimate Subheads	Description	Programme	Resource		Change from Main Estimate		Note number (section 2.1)	Capital		Change from Main Estimate		Note number (section 2.1)
			2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	£m	%		2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	£m	%	
L, R	Food and farming	<i>CAP disallowance</i>	41.1	41.1				0.0	0.0			
		<i>Rural Payments Agency including UK Coordinating Body</i>	9.7	9.8				0.0	0.0			
		<i>AHDB (NDPB)</i>	2.6	5.1				14.5	14.5			
	sub total		53.4	56.0	-2.6	-4.6		14.5	14.5	0.0	0.0	
M, S	Improve the environment	<i>Natural environment and atmosphere improvement programmes</i>	-0.5	-0.5				0.0	0.0			
		<i>Water</i>	-1.9	-1.8				0.0	0.0			
		<i>EA - Environment protection, water and fisheries (NDPB)</i>	31.8	32.3				0.0	0.0			
		<i>Wildlife, international, climate and forestry programme</i>	-0.6	-0.5				0.0	0.0			
	sub total		28.8	29.5	-0.7	-2.4		0.0	0.0	0.0	0.0	
T	Flood Protection	<i>EA - Flood risk management (NDPB)</i>	56.0	56.0				0.0	0.0			
		<i>Flood risk management (Flood Re)</i>	100.0	100.0				2.0	0.0			
	sub total		156.0	156.0	0.0	0.0		2.0	0.0	2.0	0.0	
N, O, U	Animal, fish and plant health	<i>SFIA</i>	0.1	0.1				0.0	0.0			
	sub total		0.1	0.1	0.0	0.0		0.0	0.0	0.0	0.0	
P, V	Countryside and rural services	<i>Rural development programme policy and outdoor recreation</i>	-0.2	-0.3				0.0	0.0			
	sub total		-0.2	-0.3	0.1	-33.3		0.0	0.0	0.0	0.0	
Q	Departmental operating costs	<i>Corporate services and centrally held budgets</i>	1,102.8	49.3				0.0	0.0			
		<i>Estates and commercial</i>	0.0	1.0				0.0	0.0			
	sub total		1,102.8	50.3	1,052.5	2,092.4	10	0.0	0.0	0.0	0.0	
	Total		1,340.9	291.6	1,049.3	359.8		16.5	14.5	2.0	13.8	

Annex B

How DEL funding plans for 2020-21 have altered since Spending Review 2019

	Defra			£m
	Admin	Programme	Resource DEL total	Capital DEL
DEL baseline for SR2019 (2019-20)	828.87	1,417.63	2,246.50	531.90
ESA10 Capital R&D	0.00	0.00	0.00	30.30
Spending Review outcome	828.87	1,417.63	2,246.50	562.20
SR19 control total - non ring fenced	720.00	1,287.36	2,007.36	562.20
SR19 control total - ring fenced depreciation	108.87	130.27	239.14	0.00
Spending Review total on Estimates basis	828.87	1,417.63	2,246.50	562.20
Additional, new, money awarded since SR2019:-				
<u>Budget 2020</u>				
Budget 2020 - Scoring Farm Support Payments	0.00	1,751.09	1,751.09	0.00
Budget 2020 - Animal Health Science Estate - Weybridge	0.00	0.00	0.00	67.00
Budget 2020 - Natural Environment Impact Fund	0.00	0.50	0.50	0.00
Budget 2020 - Nature for Climate Fund	8.50	0.00	8.50	48.00
Budget 2020 - Digital Waste Tracking	0.90	0.00	0.90	0.80
Budget 2020 - Fly-Tipping Innovative Solutions	0.00	0.00	0.00	0.50
Budget 2020 - Flood Defence Capital Programme	10.00	15.00	25.00	0.00
Budget 2020 - Place Based Flood & Coastal Resilience	1.00	0.00	1.00	0.00
Budget 2020 - Flood and Coastal Defence Capital Programme	0.00	0.00	0.00	140.00
Budget 2020 - Flood Defence Asset Repairs (Winter 19-20 Floods)	8.00	54.00	62.00	58.00
Budget 2020 - Nature Recovery Network Fund	0.50	0.00	0.50	0.00
Budget 2020 - Darwin Plus Expansion	0.00	2.00	2.00	0.00
Budget 2020 - Covid-19 Shielding	0.00	210.00	210.00	0.00
Budget 2020 - Water supply Assets	0.00	0.00	0.00	12.00
Budget 2020 - Water Navigation Assets	0.00	0.00	0.00	10.00
Budget 2020 - Extended Producer Responsibility IT	0.00	0.00	0.00	0.70
<u>Reserve claim 2020 Supplementary Estimate</u>				
Covid-19 - IT funding Covid response	10.00	2.00	12.00	7.90
Covid-19 - Food Packages	0.00	2.12	2.12	0.00
Covid-19 - Fisheries intervention	0.00	4.55	4.55	0.00
Covid-19 - ALB support	0.00	19.00	19.00	0.00
Covid-19 - LA welfare grants	0.00	63.00	63.00	0.00
Covid-19 - Food charity scheme	0.00	16.00	16.00	0.00
Covid-19 - Zoo's	0.00	12.00	12.00	0.00
Covid-19 - Green Recovery challenge fund	2.00	0.00	2.00	18.95
Borders EU exit - EU-GB borders	9.32	16.72	26.04	3.43
Borders EU exit - NIP requirements	10.30	1.30	11.60	0.70
Borders EU exit - Additional funding	10.30	5.40	15.70	16.80
Borders EU exit - Certifier capacity	4.90	0.88	5.78	0.00
Borders EU exit - Movement assistance scheme	0.00	10.20	10.20	0.00
Borders EU exit - NI Supermarkets IT system	0.00	10.00	10.00	0.00
Floods - Autumn Budget 2018 Flood risk management	0.15	4.45	4.60	0.00
Floods - Autumn Budget 2017 Flood regeneration and growth fund	0.00	0.00	0.00	10.00
Floods - Autumn Budget 2017 New flood defence schemes	0.00	0.00	0.00	8.00
Floods - Autumn Budget 2017 Flood defences Carlisle	0.00	0.00	0.00	9.97
Floods - Budget 2016 Flood capital	0.00	0.00	0.00	62.00
Floods - Insurance Premium Tax funding	0.00	0.00	0.00	62.35
Floods - Insurance Premium Tax Navigation	0.00	0.00	0.00	1.80

Floods - Flood recovery property resilience	0.00	0.00	0.00	3.00
Floods - Farm recovery scheme	0.00	1.26	1.26	0.00
Other - Technical deficit Essential IT	8.30	0.00	8.30	11.70
Other - Farming IT	0.00	0.00	0.00	12.60
Other - Covent Garden Market Authority	0.00	5.87	5.87	0.63
Other - Shared outcome fund	0.97	0.32	1.29	0.40
Other - Project speed	0.00	0.00	0.00	5.00
Other - Scoring Farm Support Payments	0.00	92.00	92.00	0.00
Other - Common organisations of the market	0.00	26.20	26.20	0.00
Other- Government secured freight capacity	0.00	2.00	2.00	0.00
Other - Royal Botanic Gardens, Kew	0.00	2.00	2.00	0.50
Other - Fisheries intervention	0.25	22.75	23.00	0.00
Capital to Resource transfer - Canals and River trust	0.00	21.00	21.00	-21.00
Capital to Resource transfer - Official Development Assistance programme	0.00	26.64	26.64	-26.64
Estimating, forecasting and reprofiling changes:-				
Budget Exchange - Urban Trees (confirmed May 2019)	0.00	0.44	0.44	1.59
Budget Exchange - Abandoned Waste Sites	0.00	1.90	1.90	0.00
Budget Exchange - GovTech (confirmed October 2019)	0.00	0.00	0.00	0.41
<u>Budget Exchange and Budget Reductions 2020 Supplementary Estimate</u>				
Budget Exchange - Science Capability Animal Health (SCAH) programme, Weybridge	0.00	0.00	0.00	-13.40
Budget Exchange - Urban Trees	0.00	-1.60	-1.60	-1.82
Budget Exchange - Future Farming IT	0.00	14.30	14.30	14.10
Budget Exchange - Dairy industry	0.00	1.02	1.02	0.00
Budget reduction - Floods (to allow reprofiling)	0.00	0.00	0.00	-25.00
Budget reduction - Joint Air Quality (to allow reprofiling)	0.00	-32.00	-32.00	0.00
Budget reduction - Fly tipping (to allow reprofiling)	0.00	0.00	0.00	-0.50
Supplementary 2020 - HMT cash management charge	-0.17	0.00	-0.17	0.00
Neutral funding changes between departments:-				
<u>Other funding transfers (Budget Cover Transfers) :-</u>				
Net transfers to/from Cabinet Office for Outsourcing implementation programme; special advisors (SPADS), Public Sector GeoSpatial Agreement, COVID-19 Campaigns, EU Transition Campaign and Business Engagement funding allocated for the EU Transition Campaign	-0.33	1.13	0.80	-3.71
Net transfers to/from Department for International Development for International Climate Fund and Conflict, Stability and Security Fund, contribution towards Dubai Expo 2021 and Food is Great Campaign	0.00	21.36	21.36	0.00
Net transfers to/from HM Revenue and Customs for Operational Delivery Profession	0.00	-0.03	-0.03	0.00
Net transfers to/from Ministry of Justice for Consultation on microbeads ban; Control of Trade in Endangered Species, Rogue Waste Management Companies and Nature for climate fund	0.00	-0.04	-0.04	-0.41
Net transfers to/from Foreign and Commonwealth Office for One HMT, Cefas use of Embassy Platform in Oman, Conflict, Stability and Security Fund (CSSF), Blue Belt, Commonwealth Litter programme, Darwin, Illegal Wildlife Trade	0.00	2.42	2.42	0.00
Net transfers to/from Department for Transport for Air Quality Nitrogen Dioxide	0.00	0.00	0.00	1.00
Net transfers to/from Department for Business, Energy and Industrial Strategy for Seafood Fund (CEFAS) and Research into economic, environmental and social opportunities around scrap metal.	0.00	0.00	0.00	4.04

Net transfers to/from Department for Exiting the European Union for Staff transfers	1.06	0.00	1.06	0.00
Net transfers to/from Northern Ireland Government for new regulatory Chemicals Team, European Maritime and Fisheries Fund (EMFF) funding and Funding for the scoping study of the market for F-gas.	0.00	-0.77	-0.77	0.00
Net transfers to/from Department for Digital, Culture, Media and Sport for Food charity spend and Green recovery challenge fund.	-2.00	12.80	10.80	-38.00
Net transfers to/from Scottish Government for European Maritime Fisheries Fund.	0.00	-7.00	-7.00	0.00
Net transfers to/from Welsh Government for European Maritime Fisheries Fund and capital transfer for 2020-21 for cross border functions	0.00	-1.00	-1.00	-0.39
Net transfers to/from Department for Education for Children in Nature evaluation project.	0.00	2.32	2.32	0.00
Net transfers to/from Ministry of Housing, Communities and Local Government for District Level Licencing Great Crested Newts.	0.00	1.30	1.30	0.00
Net transfers to/from Home Office for Border Force	0.00	-1.00	-1.00	0.00
Net transfers to/from Department of Health and Social Care for Waste Water testing, personal protective equipment and Green Social Prescribing	-0.15	10.89	10.74	0.00
2020-21 Supplementary Estimates DEL totals as at February 2021	912.67	3,844.32	4,756.99	1,025.20

Annex C

Summary of funding variations split by core Department and network bodies

Description	Resource DEL			
	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate	
	£m	£m	£m	%
Animal and Plant Health Agency (APHA)	116.9	100.1	16.8	16.8
Centre for Environment, Fisheries and Aquaculture Science (CEFAS)	19.2	13.3	5.9	44.4
Core Defra	1,901.3	1,625.7	275.6	17.0
Environment Agency (EA)	502.3	524.0	-21.7	-4.1
Forestry Commission (FC)	51.6	41.5	10.1	24.3
Marine Management Organisation (MMO)	28.8	27.4	1.4	5.1
Natural England (NE)	91.7	79.3	12.4	15.6
Royal Botanic Gardens, Kew (RBG, Kew)	33.9	25.0	8.9	35.6
Rural Payments Agency (RPA) including UK Coordinating Body	1,982.6	1,862.3	120.3	6.5
Veterinary Medicines Directorate (VMD)	10.1	15.7	-5.6	-35.7
Other Network Bodies	18.6	17.4	1.2	6.9
Total	4,757.0	4,331.7	425.3	9.8

Description	Capital DEL			
	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate	
	£m	£m	£m	%
Animal and Plant Health Agency (APHA)	0.1	0.1	0.0	0.0
Centre for Environment, Fisheries and Aquaculture Science (CEFAS)	7.7	5.9	1.8	30.5
Core Defra	211.3	111.5	99.8	89.5
Environment Agency (EA)	768.8	771.0	-2.2	-0.3
Forestry Commission (FC)	19.3	9.5	9.8	103.2
Natural England (NE)	4.0	0.3	3.7	1,233.3
Royal Botanic Gardens, Kew (RBG, Kew)	9.4	1.0	8.4	840.0
Veterinary Medicines Directorate (VMD)	0.9	2.4	-1.5	-62.5
Other Network Bodies	3.7	0.8	2.9	362.5
Total	1,025.2	902.5	122.7	13.6

Description	Resource AME			
	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate	
	£m	£m	£m	%
Core Defra	1,140.9	88.4	1,052.5	1,190.6
Environment Agency (EA)	87.7	88.3	-0.6	-0.7
Flood Re	100.0	100.0	0.0	0.0
Forestry Commission (FC)	-0.1	-0.1	0.0	0.0
Rural Payments Agency (RPA) including UK Coordinating Body	9.8	9.8	0.0	0.0
Other Network Bodies	2.6	5.2	-2.6	-50.0
Total	1,340.9	291.6	1,049.3	359.8

Description	Capital AME			
	2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Change from Main Estimate	
	£m	£m	£m	%
AHDB (NDPB)	14.5	14.5	0.0	0.0
Flood Re	2.0	0.0	2.0	100.0
Total	16.5	14.5	2.0	13.8